



Daily Report

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General

Spokesman on Opposition to Arms Sales to Taiwan

HK1811114692 Hong Kong AFP in English 1022 GMT
18 Nov 92

[Text] Beijing, Nov 18 (AFP)—China reiterated Wednesday [18 November] its strong opposition to all arms sales to Taiwan, after reports the island had signed a contract to buy 60 French-made Mirage 2000-5 jets, and short- and medium-range missiles.

"We are firmly against the sale of weapons to Taiwan by any countries that have diplomatic relations with China," a foreign ministry spokesman said.

The spokesman refused to comment further on the sale of the aircraft produced by the French firm Dassault, and the MICA medium-range missiles and Magic Two short-range missiles produced by MATRA.

The entire deal is estimated to be worth 3.8 billion U.S. dollars.

Beijing, which considers Taiwan to be a province of China, warned in recent months that the sale could set back Sino-French relations established in 1964.

"We will not be pleased to see a setback in Sino-French relations or to see such relations seriously undermined. But if the French side should proceed with this deal in spite of our representations then we will be forced into some reactions," China's Foreign Minister Qian Qichen said in May.

Qian reiterated China's opposition to the sale during talks with his French counterpart Roland Dumas which took place late September in New York when both men were attending the United Nations General Assembly.

Dumas and Qian again met on November 8 in Beijing for a meeting on Cambodia. Dumas told journalists then the question of the Mirage sale was not raised.

U.S. Cubi Point Airfield Still Operational

OW1811101592 Beijing XINHUA in English 0931
GMT 18 Nov 92

[Text] Manila, November 18 (XINHUA)—The United States assured the Philippines today that Cubi Point airfield, its last military facility in the country, will continue to be fully operational after its remaining forces leave on November 24.

A U.S. Embassy official said the U.S. and Philippine Governments have agreed on the transfer of vital equipment like radar and tower facilities to the Philippine Air Force needed to operate the site as a civilian-military air complex in Subic Naval Base, which was turned over to the Philippines on June 30.

The official said the equipment, estimated to be 4.4 million dollars, will be charged to the Philippine Government's account under the U.S. foreign military sales credit.

However, he cautioned that the Philippine Government should maintain an efficient operation of these facilities because these "big systems (could) deteriorate rapidly."

"The only problem is that this is such a complex and expensive operation," he said.

At present, hundreds of U.S. servicemen are still at Cubi Point airfield in Subic Naval Base, some 80 kilometers northwest of Manila, and they will leave the country next week.

In September last year, the Philippine Senate rejected a 10-year new treaty for continued U.S. military presence in the country.

Envoy on UN Registering Weapon Transfers

OW1811100692 Beijing XINHUA Domestic Service in Chinese 0257 GMT 13 Nov 92

[By reporter Yang Yuehua (2799 6460 5478)]

[Text] Beijing, 12 Nov (XINHUA)—When delivering his explanatory speech on a UN draft resolution regarding armament transparency [tou ming du 6631 2494 1653] today, Chinese representative Hu Xiaodi pointed out: It is necessary to act cautiously in armament transparency because it involves the security of various countries.

He said: The weapons transfer registration system should abide by a just, rational, and realistically feasible principle. It should be generally acceptable to various countries; it should not be detrimental to the security of various countries. In particular, it should not infringe on small and medium-sized countries' interests.

Hu Xiaodi said: To safeguard world peace, security, and stability, China has persistently pursued a prudent and responsible stance and has formulated and implemented relevant policies and measures. Additionally, China supports the UN report on establishing a registration system for the transfer of conventional weapons.

However, he pointed out: Further explorations and consultations on many issues in the UN report on the transfer registration system are yet to be undertaken. For example, some of these issues will include a concept on international weapons transfers. Furthermore, the report has not fully taken into consideration the security and interests of countries that primarily rely on weapon imports.

ADB Approves Technical Assistance Grants

OW181111492 Beijing XINHUA in English 1055
GMT 18 Nov 92

[Text] Manila, November 18 (XINHUA)—The Asian Development Bank (ADB) today approved two technical assistance grants totaling 995,000 dollars to China for a gas development project and a forestry development and pulp mill project.

The grant of 600,000 dollars aimed to assist the East Offshore Oil Company (EOOC) and the Shanghai Public Utilities Administration Bureau (SPUAB) in their feasibility studies for utilizing the oil and gas resources of the Ping Hu field, 370 kilometers east of Shanghai.

About 21 man-months of consulting services will be required to complete the work, and six international consultants will be recruited.

The consultants will upgrade EOOC's feasibility study for bringing oil and gas ashore, and review the SPUAB's feasibility study for distributing Ping Hu gas to end-users in the Pudong Area in Shanghai.

Another grant of 395,000 dollars is for the Yunnan-Simao forestry development and pulp mill project for sustainable development and management of forest resources in Jinggu county of Simao prefecture, Yunnan Province.

The assistance will assess socio-economic conditions for the population in the project area, and prepare a project to improve forest resources and the production of wood pulp in order to stimulate the local economy and reduce rural poverty, ADB said.

United States & Canada**'Special Article' on Future of U.S. Relations**

HK1811123492 Hong Kong TA KUNG PAO in Chinese
14 Nov 92 p 3

["Special article" by Hsiao Hsing (2556 2502): "Where Are Sino-U.S. Relations Heading?"]

[Text] Extremely subtle changes have taken place in the United States. Democrat Bill Clinton has defeated the incumbent President George Bush of the Republican Party by a landslide, thus winning the presidency. It will take people a long time to think over and study this development and all its political implications. International politics have a very distinctive nature and require a definite direction and firm strategy; they do not permit too much consideration and hesitation. As far as Sino-U.S. relations are concerned, reality must be faced squarely, and it is necessary to make bold and sensible moves forward.

Complicated Feelings and a Clear Understanding

Of course, the Chinese have complicated feelings about Mr. Clinton's rise to power, because the comments Clinton made about China during his election campaign have hurt Chinese feelings. His remarks are not only illogical regarding the development of Sino-U.S. relations but regarding the development of the world strategic structure as well. Let us consider the case of Bush, with whom people are familiar. For some time, many good-willed Chinese did believe that he was a man of insight and well aware of the importance of Sino-U.S. relations. However, this Mr. Bush—who used to be a "moderate"—created a horrible "F-16 virus" out of his personal interests, thus seriously impairing current Sino-U.S. relations, which represent the fruits of long and persistent efforts. Of course, the Chinese understand quite clearly that there are other considerations besides the needs of the election campaign that pushed Bush to make that move. Now that Clinton, a Democrat with whom the Chinese are not as familiar, is going to take over the White House, what changes will take place in U.S. politics? What will the new administration's China policy be like? Where will Sino-U.S. relations go? All these factors have resulted in complicated feelings on the part of the Chinese.

Although their feelings are complicated, the Chinese understanding of Sino-U.S. relations is clear and consistent. Some people believe that China lost its "strategic value" as soon as the Soviet Union "perished;" meanwhile, as Europe is not united, Japan still does not dare to say "no," and the Third World remains "a sheet of loose sand," the United States can surely dominate the world. This writer simply disagrees with such a shallow view, and some insightful Americans disagree with it as well. Michael Lampton, chairman of the National Committee for U.S.-China Relations, noted: "The view that China lost its strategic value with the dissolution of the Soviet Union is very wrong. It is nothing less than an unrefined quotation of others' old views... In fact, China has increasing importance for the United States. We must expand our definition of strategic importance." The Democratic Party's scholar, Professor Oksenberg, also raised a cry of warning, urging the elected president to "take the utmost care" of "the trilateral relations" among China, the United States, and Japan. It is believed that Clinton has at least a minimum of professional knowledge of "international relations," "world politics," and other areas, as he studied at Georgetown, Oxford, and Yale, and many of his advisers are learned people. Nowadays, in the so-called "post-Cold War era," what is the real threat against the United States? Will a China which enjoys political stability and economic growth and which seeks world peace and international cooperation be favorable or unfavorable to the United States? In what way will confrontation with such a peace-loving country conform with U.S. interests? Now that the world is facing a turbulent situation and a host of variable factors, would the United States be indifferent to this? On the other hand, the United States is facing economic recession and a host of social problems at

home, and the American people are eagerly looking forward to a change. It is high time for the United States to really pay attention to its domestic affairs! Without managing its own affairs well, how can it boast of its aspiration to "maintain a peaceful world?" To be fair, Clinton's speeches during the election campaign have offered quite a few interesting views on the management of state affairs. One can also find a reluctant and shy caution behind his comments on international issues, although this kind of caution is often wrapped in an obvious ambiguity. If one looks into this phenomenon, one can easily find that Clinton's foreign policy is still at a painful embryonic stage.

The U.S. Strategy Is Still at an Embryonic Stage

If you have a look at the United States today, you will find that two ideological trends are noteworthy: one is isolationism or new isolationism, which advocates strategic retreat and stresses the necessity of trade protection, while the other maintains that the United States should take the initiative in "leading the world" and promoting "democratization" and "human rights diplomacy" across the globe. I have not yet made any theoretical assessment of this second ideological trend, nor do I have any idea what it should be called. Even less do I intend to rashly link this doctrine with Clinton's name. But there is no doubt in my mind that both ideological trends are far from the actual interests of the United States. The United States has major strategic and economic interests abroad. This country relies on imports for the supply of inexpensive consumer goods, its economic recovery cannot happen without investment from abroad, U.S. industrial and commercial capitalists gain huge profits from foreign economic relations, and both the military and ordnance manufacturers do not want to see a substantial reduction in military spending. Fundamentally speaking, all these factors are restraining the United States from scaling down its strategic force and promoting trade protectionism. The ideas of "human rights diplomacy" and "democratization" are even more baffling. The United States is facing such serious problems at home that its national strength has declined remarkably. Those who still want to play the "human rights card" in the diplomatic realm and shape the world solely after the model of U.S.-style "democracy" are either politically insensible or completely ignorant of humankind and society. There is a kind of hegemonism which is absolutely irrelevant to the concept of democracy and the spirit of the time. Since the disintegration of the bipolar structure, the world has seen and will continue to see profound changes. Existing and latent threats are evident and imminent. This matter brooks no delay, and nobody can treat it lightly. Only when peaceful and constructive forces unite to work together will it be possible to efficiently solve the problems. In the United States, however, people still are unclear about the real strategic goal for the future. Endless debates and maladroit political deception only indicate that the U.S. global strategy is still in the embryonic stage. Facing the drastically changing international situation, if its leaders

lack the minimum of moral integrity, historical sense, ability, and insight, the United States is bound to suffer from catastrophic impacts and destruction.

The Asia-Pacific Region Has Vital Importance

Just because the United States still has not formulated any appropriate global strategy, it does not necessarily mean it will not formulate any appropriate strategy toward the Asia-Pacific region. In the first place, what position should the Asia-Pacific region, with an ever-growing economic strength and political influence, occupy in the U.S. global strategy? Research fellows at the U.S. Atlantic Council are maintaining that the U.S. global strategy, which used to focus on Europe, will inevitably shift gradually to a mode in which equal importance is attached to the Atlantic and Pacific regions. The council is even considering the possibility of renaming itself the Atlantic-Pacific Council. The U.S. military has attached even greater importance to the real issues in the Asia-Pacific region. It is evident that U.S. policymakers still have not realized the full seriousness of the matter, while Clinton's remarks on the China policy have added to people's misgivings. Also, how does the United States actually view politics, especially politics related to large countries, in this region? Since the Soviet Union "vanished," has China really emerged as a geopolitical threat against the United States? This understanding of the "Spykman theory" is too subjective! Of course Japan, Russia, and other factors must also be taken into account. Some Americans do not understand this well enough, so they do not have a stable or mature view. While the Americans were hesitating, wavering, or acting like a "cowboy of the West," a new structure was gradually taking shape. Thus, sooner or later, the Americans will find themselves in a passive, isolated position. Meanwhile, earthshaking changes were taking place in Europe, and, as a historical trend, the U.S. interests, presence, and influence there will diminish and be weakened. One day some Americans will ask: Who has made us lose Europe? Who has made us lose Japan? And who has made us lose China?

China Policy Will Face Challenge

As far as global and Asia-Pacific politics are concerned, China policy can serve as a test for the U.S. political intelligence quotient. People of insight abroad all agree that China is a real factor not to be underestimated in the world today. Nobody can deny that China is now enjoying economic growth, political stability, prosperity, and increasingly improving international status. The 14th CPC National Congress that closed not long ago has laid down the line of the socialist market economy, indicating that the enormous economic and political ship of China will be heading toward the future. The "greater China economic sphere" is not a concept unfamiliar to the Americans. The American "China experts" have been studying this issue for a long time, because this idea, after all, anticipates the reunification of China, the prosperity of the Chinese nation, and the rise of a stronger force on the world's political and economic

arena. Here I cannot help but ask: Will it conform with U.S. interests in the Asia-Pacific region and in the entire world if the United States confronts an enormous China which is heading for prosperity, development, and reunification and which has a thousand and one links with the United States? Will it work if the United States meddles in China's internal affairs regarding the Taiwan and Hong Kong issues, which actually means to create a pattern of "three China's?" In the United States, there are still some "Cold War experts" who always look at things through colored glasses. After the failure of their conception that "China will break down as soon as pressure is put on it," these experts have taken up a strange idea based on the belief that "China will give in as soon as pressure is put on it." They believe that in the end, China will yield to U.S. will and will reluctantly take the bitter fruit offered by the Americans. This "geopolitical policy" is both dangerous and stupid!

In my opinion, the present unsound condition of U.S. China policy is, first of all, due to a serious error on the part of the United States in the evaluation and judgment of the relationship between the former basis of Sino-U.S. relations and the new, future trend of development. It must be noted that the motivation for restoring and developing Sino-U.S. relations will in the future be derived more from the internal needs of the two societies—removed from the two countries' common strategic understanding of international affairs—today Sino-U.S. relations have reached the stage where both sides must take their real interests into account. The United States, however, consistently thinks that China will have to ask favors of it and, based on this belief, it does not hesitate to take measures that may deteriorate bilateral relations. On the other hand, the U.S. Government, the Congress, and the mass media have failed to coordinate with each other in the process of implementing U.S. China policy, which has often been bogged down by party politics at home. As a result, Sino-U.S. relations are often subject to interference and disturbance. "Ideological" consideration and "national interests" contradict one another as well, landing the U.S. China policy in a standstill and dilemma. After the end of the Cold War, the United States, complacent about its dominance over the world, has been trying to safeguard its hegemony. With regard to its China policy during this period of strategic readjustment, it has failed to consider the situation from the viewpoint of geopolitical and strategic interests, but has seriously hurt China on principled issues that have a bearing on the country's immediate interests, such as its subsistence and development, sovereignty, and territorial integrity. China, for its part, will absolutely not compromise on these issues!

Judge People by Their Deeds, Not Just by Their Words

With regard to political affairs, China is a very experienced and mature country. The five principles of peaceful coexistence are the basic guidelines for China's foreign relations. China will not force its ideas on others, nor will it accept what others try to force on it. China is also a country with a long history of diplomacy which

will never be frightened by diplomatic blackmail or political conspiracy, nor will it be misled by any appearances or tricks. As for Clinton's victory in the presidential election, China has its own interpretation which, on the whole, is serious, cautious, sharp, and philosophical. Of course, China would like to see the wholesome development of Sino-U.S. relations because good relations between these two countries is in line with the fundamental interests of the Chinese and U.S. peoples and with peace and stability in the Asia-Pacific region and the world. I would maintain a positive outlook, that is, as long as the Chinese and U.S. sides set store by the fundamental interests of their peoples when handling the above issues, relations between the two countries will develop smoothly, because China and the United States share common interests in many fields on this planet.

Now that President-elect Clinton is going to assume office very soon, where will Sino-U.S. relations—which have haltingly been moving forward for quite some time—be heading? The president's inaugural ceremony on 20 January will give an answer to the many people who are concerned about Sino-U.S. relations and international politics. Judging people by their deeds, not just by their words—this is a principle derived from the wisdom of the east, and it is also Clinton's golden key to the knowledge of China!

Article Assesses U.S. Global Strategy

OW1611011092 Beijing GUOJI WENTI YANJIU in Chinese No 4, 13 Oct 92 pp 19-24

[Article by Wang Haihan (3769 3189 3211): "U.S. Global Strategy Faces Serious Challenges"]

[Text] Under the new historical situation that follows the collapse of the bipolar system, which had been led by the United States and the former Soviet Union, the core of U.S. global strategy lies in safeguarding a U.S.-dominated unipolar world and establishing a new world order according to a U.S. blueprint through political, economic, military, and diplomatic means.

The disintegration of the Soviet Union has had an impact worldwide and poses serious challenges to U.S. global strategy. These challenges include turbulence and uncertainty in regions that had been controlled by the former Soviet Union, the further weakening of the U.S.-European alliance, the United States facing the need to make readjustments in the Asia-Pacific region, and the impact of and constraints imposed by domestic problems.

Following changes in East Europe, the reunification of Germany, and the disintegration of the Warsaw Pact, the Soviet Union, which was founded nearly 70 years ago, has formally disintegrated and the Commonwealth of Independent States has been established. The Cold War, which lasted 40 years, has ended, and the era of containment in U.S. diplomacy has also come to an end. The United States has assumed the position of the world's

"sole superpower." To achieve its objective of dominating the world, the United States has advanced a U.S.-led "new world order." Nevertheless, this global strategy, which has been born out of U.S. wishful thinking, has been confronted with serious challenges since the very first day it was put forward.

I.

Following the Gulf war, President Bush clearly stated that the United States is the only nation in the world with the ability and strength to assume the heavy responsibilities of a leader and that it has to "get ready for making the 21st century the century of the United States." In August 1991, in a report on U.S. "National Security Strategy," President Bush further expounded on the U.S. global strategy—namely, to "build a new world order" and "a stable world in which political freedom, economic freedom, human rights, and democratic systems will prevail" in accordance with U.S. ideals and its concept of values. The principal goals of U.S. global strategy include the following points:

1. Giving full play to the overall superiority of U.S. national strength, ensuring its predominant role in establishing the "new world order," and preventing potential rivals from expanding their influence. In February 1992, in a confidential document entitled "The Guiding Policy on Defense," the U.S. Department of Defense said: The post-Cold War political and military role of the United States is "to ensure that there will not be another superpower that will compete with the United States in Western Europe, Asia, or on the territory of the former Soviet Union."

2. Further strengthening its economic power to face the challenges posed by Europe and Japan and ensuring the United States maintains a leading position. In the U.S. report on "National Security Strategy," it is clearly stated that "achieving a strong macroeconomy in the United States is not merely an economic goal but also a prerequisite for maintaining a leading global position politically."

3. Consolidating achievements made in the regions of the former Soviet Union, encouraging the continuous development of the regions in directions desired by the West in order that they gradually fall into the Western track politically, economically, and militarily.

4. Shifting the emphasis on national security strategy to dealing with regional conflicts and unstable situations. The United States contends that in the wake of the disintegration of the Soviet Union, regional conflicts and turbulence will pose a real threat to the vested interests of the United States, seriously challenge the leading position of the United States, and provide the greatest obstacles to U.S. attempts to build a new world order. Therefore, the United States wants to eliminate uncertain regional factors and safeguard its economic and strategic interests in various regions in the world via military power, as well as through political and economic means.

5. Doing its utmost to hold together the existing alliance, bringing into line the positions of its allies, and seeking their support and joint commitment to "the responsibility for upholding peace and security," in an effort to draw strength from its allies to serve its own global strategic interests.

6. Attaching importance to the role of international organizations such as the United Nations. As the United States intends to establish a security system in which it plays a leading role, it would, as it did during the Persian Gulf war, make great efforts to gain UN support to compensate for its weakness of having inadequate strength to get its own way, particularly in preventing and settling regional conflicts.

7. Advancing full scale in the process of global "democratization" under the banner of "democracy, freedom, and market economy." It would, by means of power politics, force its social system, political system, and values on countries having different systems and make use of international economic and financial organizations under its control to interfere in developing countries' economic systems and policies, hoping to create a "huge family of free nations" that stretches from the west to the east and from the north to the south.

In short, the core of the U.S. global strategy lies in safeguarding the U.S.-dominated unipolar world and building a new world system based on the U.S. blueprint through political, economic, military, and diplomatic means as well as public opinion under the new historical conditions in the wake of the collapse of the U.S.-Soviet bipolar system.

The disintegration of the former Soviet Union brought about the departure of a superpower that contended with the United States in the past. The United States was once joyful about this, hailing it as a change that "conforms to U.S. policy and objectives" and "a victory of U.S. doctrine." However, the drastic changes in the former Soviet Union have sent impacts across the globe, landing the United States in "a world full of potential dangers." (Footnote 1: see "National Security Strategy" published by the U.S. Defense Department in March 1992.) As a challenge to the U.S. leading position and to its "new world order," this poses numerous problems to the United States when implementing its global strategy.

II.

Beleaguered by serious political, economic, and social crises, the Commonwealth of Independent States is facing an uncertain future. The United States has shouldered an excessively heavy burden that cannot be cast off.

The disintegration of the former Soviet Union brought about a turbulent and volatile situation in that region that—together with Eastern Europe—has become the most unstable region in the world. This threat is "no smaller than that of the Persian Gulf crisis" to the West and confronts the United States with numerous potential

risks and unexpected difficulties. The development and changes of the regional situation will continue to beset the United States for a long time to come.

1. In the wake of the dissolution of the former Soviet Union, social upheaval, political splits, and national disputes have emerged. The United States is worried about the possibility of losing the initial results already achieved by the West. Political and economic crises of various CIS members have worsened, tendencies of national separatism are developing, and contradictions among people of different nationalities in various CIS member countries have intensified. The situation has created new regional conflicts and international hot points. If this situation cannot be improved, it may lead to a Yugoslav type of war. The CIS members seem to be in harmony, but they actually are at odds with each other, and the CIS itself is facing the danger of existing in name only.

2. The former Soviet Union had possessed a huge nuclear arsenal and military force. Nuclear disarmament has always been a difficult issue and the danger of nuclear proliferation will continue to exist for a long period. The spreading of the former Soviet Union's nuclear weapons and nuclear technology to Third World countries unfriendly to the United States will pose a serious and direct threat to the strategic interests of the United States.

3. The economic situation of Russia and other CIS countries cannot be truly improved in the foreseeable future. Russia's "fundamental reform" has not stimulated the development of production; instead, the situation has further deteriorated. Russia's economy has slipped, commodity prices are soaring, and the people's standard of living has decreased drastically. It is hard to find any wise way to solve the economic crisis, and the future is still not clear.

4. Western Europe and the United States are contending with each other for a dominant position in controlling the CIS. Although their policies toward the CIS are basically in unison, the two sides have apparent differences in interests. The United States wants to draw countries of the former Soviet Union closer to the Western world in coordination with the efforts of its allies in order to expand its influence and benefits in the region. The United States fears that West European countries may take advantage of the opportunity to contend for markets, expand their influence, and work together with the CIS to reject the United States. So when the United States insisted on shipping supplies to aid the CIS through NATO, France, Germany, and other countries strongly objected to its apparent intentions. In addition, on the issue of CIS nuclear weapons, the United States has tried its best to maintain its position as the speaker and leader and does not want other countries to meddle in the matter.

5. Iran, Turkey, and other countries have used their traditional relations to expand their influence in Central

Asia. This has made U.S. expansion of its sphere of influence in the region more difficult.

Facing a "very unstable and dangerous" former Soviet Union as well as allies that are energetically contending for the leading role in dealing with the CIS, the United States cannot but take great pains in formulating its foreign policy in order to cope with the "new threat" that the United States had never experienced during the period of the Cold War against the Soviet Union. 1) The United States wants to weaken the former Soviet Union while preventing great disorder within the CIS. The United States must try hard to alleviate various contradictions within the CIS to avoid an uncontrollable situation that may endanger U.S. security. Meanwhile, the United States wants to establish a "partnership" with Russia, render Russia increasingly dependent on the United States, and have it play a supporting role in the U.S. global strategy of contending with Europe and Japan. 2) While making great efforts to prevent the loss of control over nuclear weapons and the drifting away of nuclear experts, the United States wants to further weaken the military strength of Russia—the successor of the former Soviet Union—in order to prevent Russia from becoming a superpower. The agreement on reducing nuclear warheads signed by the United States and Russia in June 1992 was precisely to thoroughly remove Russia's position as a military equal to the United States and to change the strategic balance between the United States and the Soviet Union to U.S. strategic superiority over Russia. 3) The United States, using assistance as a means, is supporting Russia in the latter's transition to a market economy, in order to absorb Russia into the Western system as quickly as possible, thus leading the economic transition of other CIS members. In this way, the United States may lay down a foundation for contending with Europe and Japan for the huge market in Russia.

However, the United States has many difficulties in achieving its strategic goal in dealing with the CIS. There are apparent signs that its ability is falling short of its wishes and that it will be difficult to achieve its goal. 1) Although the United States may influence the current policy of Russia and other countries to a certain extent, it cannot control or change the development of the situation. If the current crisis continues and leads to a change in the political situation or if there is a rise of Russian chauvinism after the crisis, U.S. security and interests will be unfavorably affected. 2) Although both the United States and Russia have claimed that they will establish a partnership, the two sides will still maintain a relationship of neither enemy nor friend. The two sides will develop relations based on their own respective needs, and they have difficulties in eliminating contradictions in certain basic interests and dealing with a lack of confidence in strategic policies. Public opinion in the United States has pointed out that Russia will strive to follow the Western track, but it is doubtful that Russia will totally allow itself to be ordered about by the United States. 3) U.S. aid to Russia and other CIS countries

under pressures at home and abroad is far from adequate to solve their economic crises and can hardly achieve satisfactory results. The United States itself is faced with economic difficulties; it is short of money, can provide only very limited aid, and must have its proposals scrutinized by the constituency and Congress. The private sectors in the United States also lack enthusiasm for this endeavor. 4) The United States, West Europe, and Japan each has its own plan in dealing with the CIS, and it is unavoidable that there will be contradictions and frictions among those countries. Based on their respective interests, each side wants to fill the vacuum of power in regions of the former Soviet Union and increase its own influence. The United States wants to bring Russia into the Western G-7 in order to compensate for the inadequate strength of its traditional allies, such as the United Kingdom. It hopes to win over Russia and then contain Germany and Japan, but its plan has met with opposition by Japan, Germany, and the United Kingdom.

III.

The drastic changes in the Soviet Union have further shaken the foundation of the alliance between the United States and Europe. How to maintain relations with its Western allies has become a major strategic challenge faced by the United States.

The end of the Cold War has drawn U.S. attention to the many destabilizing factors created by the tremendous changes in the Soviet Union. It has also highlighted the more disturbing fact that the most powerful bond uniting the United States and Europe in a common fight against the Soviet Union has unraveled, heightening and increasing the troubles between the United States and West Europe. The U.S. decision to reduce its military presence in Europe has diminished its political clout and improved West Europe's status. To counter this trend, the United States has reworked its allied strategy on many occasions. At a NATO summit meeting in November 1991, it presented a new strategic concept for NATO, stressing the important U.S. role in European affairs, maintaining NATO's status as a pillar in European defense, and expanding the organization's functions. This readjustment will help the United States implement its new European blueprint—the Pan-Atlantic Community. This triumph for the United States—secured through confrontation and compromise with its allies—demonstrates the U.S. dominant role in European affairs, which has arisen mainly from the following factors: 1) The tremendous changes in the Soviet Union have heightened unrest and increased destabilizing factors in Europe and in neighboring countries, thus presenting a major security threat to both the United States and West Europe. This development serves as a new rationale for NATO's continued existence. 2) The United States and Europe share the goal of maintaining stability in Europe, eroding the former Soviet Union's military strength, and sustaining and accelerating developments in the CIS and in East Europe through the expansion of NATO's functions. 3) Different

defense concerns and views have so far prevented West European nations from creating an independent defense force. Some European nations still need to rely on the United States to restrain Germany. The United States has duly accommodated West Europe's interests on the issue of European defense; it has made some concessions. Meanwhile, the United States has tried to encourage some West European countries to restrain each other in an effort to "forestall a European-only security arrangement." (Footnote 2: "Guidelines on Defense Planning" published by the U.S. Defense Department in February 1992). Foreign ministers, defense ministers, and chiefs of staff from NATO member countries, East European countries, and CIS member states recently held meetings on separate occasions. Through "dialogue and cooperation," NATO is trying to influence "policies regarding peace and democracy" in various East European countries and the former Soviet Union. It has encouraged various countries to dismantle their nuclear and conventional arsenals and to reorganize their troops in accordance with the Western model. This will quicken the process of reorganizing and weakening the defense systems of these countries, thus gradually filling the security vacuum in East Europe. For some time in the future, NATO will increase efforts to infiltrate and influence the political and security affairs of East European countries allied with the former Soviet Union. It will play a new role in the European security structure.

For the foreseeable future, the United States and Europe will need each other; however, this cannot hide the growing friction between the two sides.

1. The U.S.-European rivalry for influence and dominance in European affairs and in the European security structure has clearly intensified. West Europe has obviously moved away from the United States. West European countries, led by France, have quickened the process of creating an independent defense force in their quest for a more important role in European security. France and Germany formally created a joint army in May. The United States strongly opposed the action because it was in direct conflict with U.S. strategy. The United States and Europe have openly and secretly traded blows over the European security system. Germany favors expanded functions for the CSCE, proposing the creation of an organ similar to the UN Security Council and a peacekeeping force within this Pan-European organization. This will give Germany a certain measure of dominance in the organization. The United States, on the other hand, favors incorporating NATO's military functions into the CSCE; this will assure its leading role in Europe through NATO's expanded functions. France, while wary of Germany, is also against the U.S. position. Regarding the Nagorno-Karabakh conflict, France has denounced U.S. attempts to widen the NATO defense zone and to subject the CSCE to its domination by trying to "resolve the conflict through the CSCE."

2. Particularly noteworthy is that the loss of a common enemy—the Soviet Union—has dulled the sense of a shared political destiny between the United States and Europe, while escalating their conflict of interests and rivalry in economic matters. By refusing to compromise on the issue of farm subsidies, the United States and Europe have stalled the Uruguay Round of GATT talks, which are crucial to the U.S. economy. Explaining President Bush's 1992 "State of the Union Address," the White House noted: Any agreement reached during the talks will help remove one-third of the tariff and non-tariff barriers, paving the way for an infusion of \$5 trillion into the world economy over the next 10 years. This will increase opportunities for the U.S. service sector, which will export \$115 billion in services annually and increase employment opportunities by 90 percent [figure as published]. The United States will also increase its farm exports by \$40 billion annually. To achieve this end, some U.S. Government officials and lawmakers have linked economic friction with security concerns in an attempt to extract concessions from West Europe. The economic rivalry between the United States and Europe seems to have replaced the Cold War between the superpowers, assuming an increasingly strong political color with each passing day. Small wonder the United States listed competition from the Western economic bloc as a strategic priority in its 1991 "National Security Strategy." During his tour of Europe in February 1992, U.S. Vice President Quayle emphasized the link between economic security and military security. To protect their own vital interests, the United States and Europe are expected to intensify their rivalry in the economic arena. This will have a grave impact on U.S.-European relations.

3. Germany has been the most successful in seeking an expanded role; a development that the United States finds particularly disturbing and alarming. Germany has benefited the most from the end of the Cold War. After achieving unification, Germany is now striving to expand its influence amid the phenomenal changes sweeping across Europe, hoping to convert itself from an "economic giant" into a "political strongman." It has undermined the leading status of the United States in Europe by taking independent actions regarding European defense, assistance to the CIS, Yugoslavia, and economic issues. During his visit to Japan in February 1992, German Foreign Minister Genscher tried to encourage and persuade Japan to expand its international role along with Germany. Fearful of Germany's ambitions, the United States has targeted Germany and Japan in its "Guidelines on Defense Planning."

In the 1950's, the United States treated West Europe as merely a "recipient of its assistance." In the 1960's, West Europe was elevated to a "hypothetical partner." It became a "limited partner" in the 1970's, a "hostile partner" in the 1980's, and a "familiar spirit" in the 1990's. What form Europe will take in the future is "beyond human knowledge." (Footnote 3: "The United States and the Changing EC" authored by Michael Smith

and published in the 1992 first edition of the British "International Affairs" quarterly) Over the long term, the end of the Cold War will notably escalate West Europe's internal conflicts, impeding any joint action to resolve them. Meanwhile, the United States is experiencing declining power and influence in Europe. Despite its victory in the Cold War, the United States is experiencing tense relations with its allies. "A pluralistic type of cold war is gradually unfolding." (Footnote 4: The 13 March 1992 edition of New York's "WORLD JOURNAL") This will pose a grim challenge to U.S. global strategy.

IV.

The U.S. Asian-Pacific strategy is in need of a difficult and complex readjustment.

While contending with European nations for dominance over European affairs, the United States is considering formulation of a complete set of new Asian-Pacific policies. In November 1991, Secretary of State Baker proposed the establishment of a "stable and prosperous Pacific community" and worked to lay a solid foundation for U.S. participation in Asian-Pacific affairs in the 21st century by maintaining U.S. military presence in the Asian-Pacific region, strengthening economic cooperation with Asian-Pacific nations, and promoting their democratization. The U.S. strategic objectives after the end of the Cold War are to make a timely readjustment of outmoded aspects in the relations between the United States and its Asian-Pacific allies so as to protect U.S. political and economic interests in the region and maintain its dominance over Asian-Pacific affairs; to eliminate unstable factors that are detrimental to U.S. strategic interests and prevent other Asian countries from filling the vacuum in the regions created by the demise of the Soviet Union and the limited U.S. retrenchment; and to promote democracy in the Asian-Pacific region, establish a Pacific community according to U.S. values and economic formula, and regard it as a component part of a U.S.-style new world order.

However, the new Asian-Pacific policy, described by the United States as a "fan-shaped structure," is still based on "bilateral relations." Such a post-World War II strategic structure, the main purpose of which was to cope with the Soviet threat, can no longer meet the current Asian-Pacific situation. New problems have emerged between the United States and many Asian-Pacific nations after the disappearance of common enemies. Despite the relative stability in the Asian-Pacific region, there are many hidden factors of uncertainty and some of them have already surfaced. For this reason, it is no easy task for the United States to meet the challenge in the Asian-Pacific region. If the United States handles the matter improperly, its strategic interests will suffer.

The end of the Cold War has pushed U.S.-Japanese relations into a stage of change, and their future relations are with increasing factors of instability. Japan is accelerating its development toward a great political power.

To attain this objective, Japan is seizing a U.S. weakness—the need for Japanese financial assistance in advancing U.S. global strategy—to strive for a greater say and influence in Asian-Pacific and international affairs. In its economic relations and trade with the United States, Japan maintains competition and frictions while making timely compromises. In military affairs and security, Japan is striving to involve its Self-Defense Forces in UN peacekeeping activities and actively taking the lead in building an Asian-Pacific security structure. In its relations with Europe, Japan plans to enter a strategic alliance with Germany. Considering its global strategy, the United States will maintain an alliance with Japan to prevent the latter from becoming a rival superpower. In practice, the United States encourages Japan to play a greater role and help satisfy its political desire for becoming a great political power. At the same time, the United States imposes various restrictions to prevent Japan's expanding political strength from becoming a threat to the U.S. position and Asian-Pacific stability. Moreover, the United States has become more vigilant to the development of Japan's military potential toward remilitarization. The "global partnership" advertised by the United States and Japan cannot cover up the facts of their intensified trade friction, rising national confrontation, and political tension. A considerable number of Americans believe that the major threat to the United States after the end of the Cold War is Japan's economic strength, not the military strength of the former Soviet Union. Ten years from now, Japan will surpass the United States in absolute GNP and thus upset the balanced U.S.-Japanese relations and pose a comprehensive threat to the United States. The main goal of President Bush's visit to Japan early this year was to alleviate U.S.-Japanese trade friction. In the United States, the anti-Japanese mentality presently is rising, and people are even launching a campaign to boycott Japanese goods. While the threat of the former Soviet Union has disappeared, "U.S.-Japanese contradictions are intensified because of the disappearance of the threat, and bilateral relations could fall into a crisis." (Footnote 5: "DAYAMONDO" weekly article by Professor Iwao Nakatani of Japan's Hitotsubashi University) Some Japanese people believe that the United States and Japan, allies in resisting the Soviet Union in the past, are now standing at a crossroads, ready to part company.

V.

U.S. domestic problems are important factors that affect and hamper the implementation of U.S. global strategy.

The end of the Cold War has sparked a major domestic debate about the security interests of the United States. Some people have urged the United States to move swiftly to abandon its foreign strategy of the Cold War era after winning the war. In their opinion, the United States should turn its attention to its own concerns, use its funds for its own needs, substantially cut military spending, withdraw its troops from foreign countries, stop foreign aid, and practice trade protectionism.

Buchanan, the standard-bearer of this "new isolationist" concept, has openly espoused the "America First" motto. Conservatives have accused Bush of "overly concentrating on foreign policy to the neglect of domestic problems." Repeated attacks from the conservatives have forced the Bush administration onto the defensive. Bush has repeatedly tried to defend his foreign policy and explain the dangers of isolationism. Nevertheless, strong pressure and election-year political considerations have compelled him to make some concessions, stalling his major initiatives in foreign affairs. This major political debate reflects the declining power of the United States, which is suffering a host of social problems. These social ills, which cannot be cured in the near future, have critically threatened the United States; they are the focus of attention among voters. The urban riots by black people in Los Angeles—the most serious since the Civil War—reveal growing social conflicts in the United States. Public disaffection with the government has spawned a confidence crisis. The United States will have trouble overcoming its economic recession because it is suffering a growing budget deficit and deteriorating infrastructure; it also lacks funds to revamp its educational and health systems. These problems have deprived the United States of the economic resources it needs to maintain massive numbers of troops abroad, to wantonly interfere in the affairs of other countries, and to craft a new order in accordance with its own ideas. The United States has scaled back assistance to the former Soviet bloc, and its ability to finance UN peacekeeping operations has suffered. (Footnote 6: "1991-92 Strategic Report" published by the London-based International Strategic Research Institute) These problems have dampened the U.S. desire to contribute more money toward realizing the goals set by the world environment and development conference, pitting it against the Third World and even the EC. The United States is increasingly aware of the widening and almost unbridgeable gulf between its national strength and its intended global strategy.

In short, the United States will continue to be plagued by a host of problems for a long time to come in the post-Cold War period, despite the removal of its 40-year-old scourge—the Soviet Union. These problems will affect and hinder U.S. efforts to implement its global strategy, jeopardizing the status of the United States as "the sole superpower" and affecting the implementation of its long-range goal of creating a new world order.

Central Eurasia

Yeltsin Not To Introduce 'Presidential Rule'

OW1711203692 Beijing XINHUA in English 2016
GMT 17 Nov 92

[Text] Moscow, November 17 (XINHUA)—Russian President Boris Yeltsin said today he will not introduce the presidential rule in the country, unless he is forced to do so by nonconstitutional activities of the parliament, ITAR-TASS reported.

He made this remarks when talking to members of the Chamber of Nationalities of the Russian parliament today.

Any talk that "the presidential rule will be imminently introduced and the Congress of People's Deputies will not be allowed to convene" is groundless, Yeltsin said.

However, Yeltsin warned that he "will have to protect the will of the people", in case "the Supreme Soviet violates the Constitution" or "if the congress would all of a sudden try to curb reforms, to reject them".

Yeltsin expressed the hope that wisdom would reign at the congress and said he did not believe that "the congress, in front of the eyes of all Russians and the whole world, would become a political brawl".

The Seventh Congress of Russian People's Deputies is planned to open on December 1. Some sources said in the past few days that Yeltsin will introduce presidential rule in Russia.

Russia To Reduce Army by 20,000 Before 1993

OW1711203892 Beijing XINHUA in English 1800 GMT 17 Nov 92

[Text] Moscow, November 17 (XINHUA)—The Russian Armed Forces will cut another 20,000 men by the end of the year, Gennadiy Manilov, head of the Military Structure Department of the Russian Defence Ministry, told reporters today.

He said that the strength of the Russian armed forces was reduced by 180,000 men according to the planned reform.

100,000 servicemen were withdrawn, over 2,000 tanks, 1,500 artillery pieces and nearly one million tonnes of military property were transferred to Russia from other former Soviet republics this year. A total of 250,000 men are to be transferred to Russia by the end of 1995, Manilov added.

According to ITAR-TASS report, contracted army service in Russia will begin as of the first of December this year. 10 percent of servicemen are planned to be enlisted by contracts in 1993. The figure will rise to 35 percent by 1995 and by 50 percent by the year 2000.

Ukraine's Deficit Tops 1500 Billion 'Coupons'

OW1711203792 Beijing XINHUA in English 1655 GMT 17 Nov 92

[Text] Kiev, November 17 (XINHUA)—Ukraine's budget deficit could reach as high as 1541.6 billion coupons by the end of this year, Vice Prime Minister Viktor Pinzenik said here today.

He said at a parliamentary session that the record deficit would account for 44 percent of the nation's gross national product (GNP).

The vice premier described Ukraine's current economy as "disastrous" because the national finance has "completely out of control."

The continued circulation of coupons would only trigger higher inflation, he said.

Northeast Asia

Miyazawa on 'Mature' Sino-Japanese Ties

OW1711160692 Beijing XINHUA in English 1457 GMT 17 Nov 92

[Text] Tokyo, November 17 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa said here today that Japan-China relations had entered a mature period since the two countries normalized diplomatic ties 20 years ago.

He was speaking at a reception hosted by the Sasakawa Peace Foundation, a Japanese nongovernmental organization, to welcome a visiting Chinese friendship delegation.

Miyazawa said that a person was considered grown up in Japan when he was 20 years old. So the restored ties, now two decades old, were an "adult".

The prime minister extended thanks to those people of the two countries who had constantly tried to promote the development of friendly bilateral relations.

The 130-member Chinese delegation, headed by the president of the China Association for International Friendly Contacts, Huang Hua, arrived here on Monday for a 10-day visit to Japan.

In his speech, Huang, the former Chinese foreign minister, said developing long-term, stable, good-neighborly ties with Japan had been an important part of China's foreign policy.

He expressed the belief that Sino-Japanese cooperation would be widened along with the deepening of China's reform and open-door policies.

Ye Xuanping, vice-chairman of the Chinese People's Political Consultative Committee and chief advisor of the delegation, and Japanese Foreign Minister Michio Watanabe also spoke at the reception.

Some 1,500 guests, including former Japanese Prime Minister Noboru Takeshita and lower house speaker Yoshio Sakurachi, attended the reception.

Ryoichi Sasakawa, the 93-year-old honorary president of the Sasakawa Peace Foundation, proposed a toast to the further strengthening of Japan-China ties.

Comments on 'Successful' Akihito Visit

OW1811072692 Beijing XINHUA in English 0720
GMT 18 Nov 92

[Text] Tokyo, November 18 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa said here today that China's continued stability would contribute to world peace and stability.

Miyazawa made the statement in a meeting with Huang Hua, president of the China Association for International Friendly Contacts (CAIFC), at the prime minister's official residence in Tokyo.

China would play a more influential role in Asia and the world, he said. He also hopes that both countries would develop cooperation in various fields.

The prime minister said he was pleased to see the Chinese delegation in Japan following a recent, successful visit to China by Emperor Akihito and Empress Michiko.

Huang, leader of a 128-member delegation, arrived here Monday [16 November] for a 10-day visit.

Goodwill Delegation Leaves for Tokyo

OW1611035492 Beijing XINHUA in English 0242
GMT 16 Nov 92

[Text] Beijing, November 16 (XINHUA)—A Chinese goodwill delegation led by Huang Hua, president of the China Association for International Friendly Contact (CAIFC), left here for Japan this morning.

Ye Xuanping, vice-chairman of the Chinese People's Political Consultative Conference National Committee, is the chief advisor of the 128-member delegation.

The visit is part of the activities marking the 20th anniversary of the normalization of Sino-Japan diplomatic ties.

It is learned that the delegation will attend a rally in Tokyo to celebrate the occasion and meet Japanese Government officials, public figures, and those who have contributed to developing Sino-Japanese friendly relations.

The delegation will tour a number of Japanese cities and discuss with people from various circles there the prospect for the two countries' cooperation in the next century.

The visit is jointly sponsored by Japan's Sasakawa Peace Foundation and the CAIFC. The delegation's advisors include Jing Puchun, widow of Liao Chengzhi, the late vice-chairman of the standing committee of China's National People's Congress (NPC), Zhao Weichen, vice-director of the Economic and Trade Office under the State Council and Song Zhiguang, former Chinese Ambassador to Japan.

Prior to the departure, Huang Hua said, the relations between China and Japan have been developed greatly since the normalization of the two countries' diplomatic relations 20 years ago. In particular, Chinese Communist Party General Secretary Jiang Zemin's visit to Japan and the China visit by the Japanese emperor and empress this year have laid a solid foundation for the further development of the two countries' relations, he said.

The delegation will make extensive contacts with Japanese people from various walks of life so as to promote the development of Sino-Japanese friendly relations and economic and trade cooperation, he added.

Arrives in Tokyo on 10-Day Visit

OW1611075592 Beijing XINHUA in English 0629
GMT 16 Nov 92

[Text] Tokyo, November 16 (XINHUA)—A 128-member Chinese goodwill delegation arrived here this afternoon for a 10-day goodwill visit to Japan.

The visit, jointly sponsored by the China Association for International Friendly Contacts (CAIFC) and Japan's nongovernmental organization Sasakawa Peace Foundation, constitutes part of a series of celebrations marking the 20th anniversary of the normalization of diplomatic relations between China and Japan.

During the visit, the delegation headed by CAIFC President Huang Hua, is scheduled to attend a celebrating rally in Tokyo and meet with Japan's ruling and opposition party officials, as well as those who have devoted their efforts to the enhancement of friendship between the two countries.

The delegation, which includes high-ranking Chinese officials such as Vice Chairman of the Chinese People's Political Consultative Committee Ye Xuanping, will also visit Hokkaido, Aomori, Oita, Osaka and Kumamoto before returning home on November 25.

Tokyo Celebrates 'Normalization' of Ties

OW1711135592 Beijing XINHUA in English 1340
GMT 17 Nov 92

[Text] Tokyo, November 17 (XINHUA)—Around 500 noted Japanese and Chinese people gathered here today to celebrate the 20th anniversary of the normalization of Sino-Japanese relations.

In a congratulatory message, Chinese Premier Li Peng and Vice-President Wang Zhen spoke highly of Sino-Japanese friendship.

The friendly relations between China and Japan, the message said, not only conformed to their fundamental interests and prosperity, but also contributed to the peace and stability of the Asia-Pacific region in particular and the world in general.

Japanese Prime Minister Miyazawa Kiichi expressed in a message his great hope that the relationship between the two countries would be further developed after the celebration.

Addressing the rally, Huang Hua, the head of the Chinese delegation, said the development of Sino-Japanese relations over the past 20 years had been extremely valuable. He hoped that the two peoples would retain their friendship generation after generation.

Eto Shinkichi, the dean of Japan's Asia University, recalled the 2000 years of history of Sino-Japanese relations. He stressed the great importance of the friendship between the two countries and two peoples.

Zhejiang Delegation, Governor Back From Japan

OW1811112192 Hangzhou ZHEJIANG RIBAO in Chinese 5 Nov 92 p 1

[Unattributed report: "Ge Hongsheng and Party Return to Hangzhou After a Successful Visit to Japan"]

[Excerpts] After successfully winding up a friendly visit to Japan's Shizuoka, Tochigi, and Fukui Ken, the Zhejiang government delegation led by Governor Ge Hongsheng returned to Hangzhou on the evening of 3 November.

During their visit, Governor Ge Hongsheng and his party attended a solemn ceremony, held in Shizuoka, in commemoration of the 10th anniversary of the establishment of friendly relations between Zhejiang Province and Shizuoka Ken; took part in a Zhejiang export commodities fair held in commemoration of the same occasion; and attended the opening ceremony for the sixth Sino-Japanese seminar on economic exchanges. At the seminar, Ge Hongsheng briefed participants on Zhejiang's further opening to the outside world. Governor Ge Hongsheng also held separate talks with the governors of Shizuoka, Tochigi, and Fukui. [passage omitted] Both sides believed that there were favorable conditions for developing bilateral friendly relations and that great potential and bright prospects existed for expanding essential exchanges, especially economic and technological cooperation. [passage omitted]

While in Tokyo, Ge Hongsheng and his party called on the House of Councillors of Japan's Diet and visited the Ministry of International Trade and Industry of Japan, the Japan International Association for Promoting International Trade, the Japan-China Investment Promotion Organization, and the Japan-China Economic Association. Ge Hongsheng held talks with the responsible persons of the Japanese departments concerned to discuss ways to strengthen economic and technological exchanges and cooperation between Zhejiang and Japan. During his stay in Japan, Ge Hongsheng met with the responsible persons of the Tokyo chapter of the Overseas

Chinese Association, the Association of Overseas Chinese from Zhejiang, and the Overseas Chinese Association in Shizuoka Ken. He also met with overseas Zhejiang entrepreneurs residing in Japan and Zhejiang students studying in Shizuoka and Fukui. The provincial government delegation was accorded a warm welcome by local governments, assemblies, and friendly organizations and friendly people of various circles wherever it went.

Southeast Asia & Pacific

Ding Guangen Meets Vietnamese Delegation

OW1711135092 Beijing XINHUA in English 1334 GMT 17 Nov 92

[Text] Beijing, November 17 (XINHUA)—Ding Guangen, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a delegation from the Communist Party of Vietnam here today.

The delegation is formed by a group of leaders from provincial branches of the Vietnamese Communist Party and is headed by Nguyen Van Chieu, member of the Vietnamese Communist Party Central Committee and chief of party's Long An provincial branch.

Earlier today, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, held talks with Nguyen and his party and the two sides exchanged views on issues of common concern.

Apart from Beijing, the Vietnamese delegation, which arrived here November 15 at the invitation of CPC Central Committee, will also travel to south China's Guangzhou, Zhuhai and some other places.

Further on Meeting

OW1711140192 Beijing XINHUA in English 1353 GMT 17 Nov 92

[Text] Beijing, November 17 (XINHUA)—Ding Guangen, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a delegation from the Communist Party of Vietnam here today.

The delegation is formed by a group of leaders from provincial branches of the Vietnamese Communist Party and is headed by Nguyen Van Chieu, member of the Vietnamese Communist Party Central Committee and chief of party's Long An provincial branch.

Ding extended a welcome to the delegation. He said that bilateral relations have entered a new stage since the normalization of ties which was marked by the visit of a high-level delegation from Vietnam in November last year.

Ding noted that friendly contacts between the two sides have increased greatly over the past year, adding that the

exchange of visits is important for enhancing mutual understanding and promoting cooperation.

Ding went on saying that China and Vietnam are close neighbors and are both socialist countries.

In spite of different national conditions, the two countries adhere to the communist party leadership and the socialist system, and both concentrate on economic constructions, Ding said.

The two countries can learn from each other in many areas, Ding added.

During the meeting, Ding also briefed the visitors on the recent CPC National Congress and on China's efforts in accelerating reform and opening wider to the outside world.

Nguyen also expressed hope that the two sides will achieve the goals of exchanging and learning from each other and promoting economic cooperation between the local administrations of the two countries.

According to Nguyen, the delegation he is leading is the fourth sent by the Vietnamese Communist Party to China this year. Meanwhile, two CPC delegations have visited Vietnam.

The Chinese and the Vietnamese Governments have decided that Chinese Premier Li Peng is to pay a visit to Vietnam later this year.

Three of the four provincial leaders on the current delegation, who come from four southern provinces of Vietnam, are members of the Central Committee of the Vietnamese Communist Party. They arrived here November 15 at the invitation of the CPC Central Committee to learn about China's reform and opening policy.

Earlier today, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, held talks with Nguyen and his party and the two sides exchanged views on issues of common concern.

Apart from Beijing, the Vietnamese delegation will also travel to south China's Guangzhou, Zhuhai and some other places.

Article on Deadlock in Cambodian Peace Process

HK1811071092 Beijing SHIJIE ZHISHI in Chinese No 21, 1 Nov 92 pp 12-13

[Article by Ren Zhi (0117 5347): "Cambodian Peace Process Progresses With Difficulty"]

[Text] In the year since the signing of the Paris Agreement, the peace process has been hindered and the implementation of the second stage of the peace plan has encountered obstacles. Focused on next year's general elections, sharp controversies have appeared again between the various factions.

A year has passed since the signing of the Paris Peace Agreement on a comprehensive political settlement of the Cambodian issue. During the year, the parties concerned have made unremitting efforts to promote the hard-won peace process and made some achievements. However, obstacles to peace have not yet been thoroughly removed. The crux of the problem is that the Party of Democratic Kampuchea [PDK] and the United Nations Transitional Authority in Cambodia [UNTAC] have failed to reach consensus on the question of disarming the four parties and disbanding their armed forces which has resulted in a deadlock at the second stage of the peace plan. Although registration work for national general elections has already started, the divergent views of the various parties has cast a shadow on Cambodia's peace progress and the next year's general elections.

Initialing Was Difficult, But Implementation Has Been More Difficult

The domestic situation in Cambodia was disturbing for a period of time after the signing of the Paris Peace Agreement. Collaboration between officials of the Phnom Penh regime and lawless merchants resulted in soaring prices and seething popular discontent. Street protests lodged by students and residents streets and clashes with the police led to large-scale bloodshed. Meanwhile, there were also a number of armed conflicts between Phnom Penh troops and resistance forces in their rivalry for strategic positions in the northern provinces of Kampot and Kompong Thom.

To prevent the situation from deteriorating further, the UN peacekeeping force was stationed in Cambodia ahead of schedule. The first group arrived in Phnom Penh on 2 March this year. UNTAC Chairman Akashi arrived in Phnom Penh on 15 March to start his work.

Commencing on 10 June, UNTAC started enforcement of the second stage of the peace plan, which was mainly concerned with the various parties in Cambodia allowing the UN peacekeeping forces to freely enter the zones under their control, earnestly implement the cease-fire agreement, and to offer information on army assembly points and arms collection to UNTAC. However, this stage of the peace was not earnestly enforced. Because of differences on a number of issues between UNTAC and the PDK, arms collection got stranded halfway. According to the original plan, the incorporation should have been carried out from 13 to 27 June. However, only 9,003 troops were assembled throughout the country up to 5 July, accounting for only 7.7 percent of the plan. Moreover, the assembled troops merely attended a ceremony and then returned to their original bases afterwards, so their arms and ammunitions were not brought under effective control.

At the same time, there have been armed clashes on a number of occasions between Phnom Penh government troops and the PDK guerrillas in the northeastern provinces. In the eastern suburbs of Kompong Thom and

three or four counties of Kompong Thom Province, there were 106 battles in June alone, which killed and injured over 40 people. Moreover, UN vehicles which carrying "UN" signs were also attacked frequently. In June, UN helicopters were attacked on five occasions and two pilots were injured. In addition, sporadic incidents took place in other provinces.

Further Efforts Made by the International Community

The Supreme National Council [SNC] held its 13th plenary session on 8 July to discuss the implementation of the second stage of the peace plan and the rebuilding of the nation. PDK leader Khieu Samphan reiterated the following position at the session: First, the Phnom Penh Government should not continue to exist during the interim period prior to the establishment of a new government through general elections; second, there was no proof of a comprehensive withdrawal by Vietnamese troops. Because of the widely divergent views of various parties, no substantial progress was made at the session.

The UN Security Council unanimously adopted a resolution on 21 July calling the signatory states of the Paris Peace Agreement to fulfill their obligations and urging the various Cambodian parties to cooperate with UNTAC to promote the peace process. At the same time, Japan and the ASEAN nations also took diplomatic steps to mediate.

Ikida, the director of the Japanese Foreign Ministry's Asian Bureau, left for Bangkok on 18 August to hold consultations with Thai officials and the Cambodian parties. Ikida proposed the following two-point peace proposal: first, to increase the powers of the SNC, an "administrative consultative committee" should be set up under the leadership of the council to determine whether Vietnamese troops have totally withdrawn. Thanks to efforts made by Ikida and Thai officials, the PDK accepted the proposal in principle. However, it was rejected by the Phnom Penh authorities. In an interview with a reporter on 29 August, Hun Sen, prime minister of the Phnom Penh regime, emphasized that his government cannot accept any agreement other than the Paris Agreement. Meanwhile, Hun Sen once again proposed the imposition of sanctions against the PDK.

As diplomatic efforts by the international community have not produced any substantial result, Cambodia's peace progress has once again reached deadlock. UNTAC has also been thrown into a predicament: either coercive means should be adopted to force the PDK to lay down their arms—UNTAC has not been authorized to do this and its financial resources and arms are relatively limited—or the peace plan should be postponed. However, the longer the UN peacekeeping force stays, the greater will be the cost. What is more, there are serious difficulties involved in raising such funds.

Two Obstacles Which Must Be Removed

Serious differences between the PDK and UNTAC constitute the main reason the Cambodian peace process has been deadlocked time and again.

First, the PDK has insisted that a considerable number of Vietnamese agents have disguised themselves as Phnom Penh troops and have taken part in operations. They also believe that around 1 million Vietnamese nationals are residing in Cambodia. The PDK is opposed to giving these Vietnamese nationals voting rights. UNTAC's Akashi has maintained that Vietnamese nationals in Cambodia are normal immigrants. They have the right to continue to reside in Cambodia. Moreover, they should also take part in the 1993 national elections. As to whether there are special Vietnamese troops still in Cambodia, it is difficult to tell because there is no evidence. Akashi also insisted that at a time when racism is on the rise in the world, a further expansion of racist tendencies should not be encouraged.

The question of Vietnamese nationals residing in Cambodia is a long-standing issue. During the 1970's, Vietnamese nationals residing in Cambodia totaled 500,000. Following the establishment of the Democratic Kampuchean regime, the number of Vietnamese nationals residing in Cambodia decreased for some time. However, after Vietnam's invasion of Cambodia the number increased again. Following the signing of the Paris Peace Agreement, an unprecedented scene of resurgence appeared in Cambodia and Vietnamese poured into Cambodia. According to estimates by experts, the total number of Vietnamese nationals now residing in Cambodia exceeds the level of the early 1970's. What is more, this trend is still rising. Therefore, it will be difficult to remove this long-standing problem which has hindered the peace progress in Cambodia.

Second, on the question of power sharing, there are also apparent differences between the PDK and UNTAC. The Paris Agreement stipulates that prior to the general elections, the SNC is the only legitimate organ and source of power of Cambodia which can manifest state sovereignty, independence, and unification during the entire interim period. UNTAC will exercise control over Cambodia's diplomacy, defense, finance, public security, propaganda, and other departments during the transition period. As the financial and material resources of UNTAC are limited, it lacks the ability to exercise power. For this reason, most of the power in the country is still in the hands of the Phnom Penh regime. This is also one of the reasons why the PDK has refused to disarm. Regarding this question, Akashi said that although the Phnom Penh regime is no longer recognized by the international community, it still exercises control over 80 percent of Cambodia's territory and population. Although UNTAC is responsible for guiding the SNC's work, it cannot make decisions by itself. This is particularly the case in Cambodia where the different parties cannot reach a consensus. For this reason he believes

that the UN's role is limited and that cooperation between all parties is required to realize peace.

The general elections in Cambodia will be held in May 1993. UNTAC started registering voters in Phnom Penh on 5 October. Beginning on 23 November, voter registration will continue in all parts of the country. The international community has universally welcomed this position. However, the PDK issued a statement on 12 October saying that it would not accept the general elections held next May because it has not yet verified whether Vietnamese troops have totally withdrawn from Cambodia and the SNC still does not have the power and necessary means to become the sole organ of legitimate power in Cambodia. Moreover, Cambodia does not have a political environment and system, which is indispensable in carrying out fair elections.

Regarding the PDK's position, the views of the international community and the three other Cambodian parties vary. Two days after the PDK issued its statement, the UN Security Council unanimously adopted a resolution pointing out that the elections would be carried out as scheduled with or without the participation of the PDK. Akashi once again urged the PDK to disarm and participate in the peace process before the end of the year so that voters within the area of its control would have sufficient time to register. Some Western countries insisted on imposing sanctions against the PDK. However, Japan and some ASEAN nations stated that they would continue diplomatic meditation. In Cambodia, the Phnom Penh regime has time and again called for the imposition of sanctions against the PDK. Son Sann and Ranariddh have shown some understanding and sympathy toward the PDK's position. However, they believe that the UN peace plan and the existence of the Vietnamese should not be linked otherwise the question will be more complicated. They hope that the PDK will adopt a more flexible position.

Public opinion holds that a comprehensive and fair peace in Cambodia should be realized on the basis of the spirit of the Paris Peace Agreement. As for the differences on specific matters, they should be settled through peaceful consultations between the various parties.

Official Meets With Australian Survey Team

SK1711082092 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 16 Nov 92

[Text] On the evening of 16 November, Song Shuhua, vice governor of Hebei Province, met with the three-member survey team of the Australian International Development Research Bureau. Headed by (Sygis Chendelavos), this team came to the province to investigate the feasibility of developing animal husbandry production in Xingtai's Neiqiu County after harnessing the small valleys.

During the reception, Vice Governor Song Shuhua thanked the Australian International Development Research Bureau for planning to give free aid for this

project. He added that he hoped that the project would be put into practice as quickly as possible after being surveyed by specialists.

(Chendelavos) said: Through initial surveys, we have found that this project is of great significance to Neiqiu County. We are willing to provide technology to improve China's animal husbandry production. We hope that the government will support this project.

This survey team was said to have consulted with the provincial animal husbandry and aquatic products bureau, the provincial forestry department, and the provincial fishery department concerning specific details. The team will conduct an on-the-spot investigation in Neiqiu County in the next several days.

Near East & South Asia

New PLA Commander Meets Pakistani General

OW1711133592 Beijing XINHUA in English 1318
GMT 17 Nov 92

[Text] Beijing, November 17 (XINHUA)—Lieutenant General Cao Shuangming, who has recently succeeded General Wang Hai to be the Air Force commander of the Chinese People's Liberation Army (PLA), met with Lieutenant General Nazar Hussain, visiting commander of the Air Defense Force of the Pakistani Army, and his party here today.

Born in 1929 in Henan Province, the new air force commander extended a warm welcome to the Pakistani visitors. He said: "China and Pakistan are close neighbors. The two countries and their armies have maintained very good relations. The current visit to China by Lieutenant General Nazar will surely strengthen the friendly relations between the two peoples and the two armies."

Nazar said that the Chinese people are the reliable friends of the Pakistani people and Pakistan has always thanked China for its support and assistance.

Sources from the headquarters of the PLA Air Force said that after Cao Shuangming joined the PLA and the Chinese Communist Party in 1946, he took part in a number of important battles including the Huai-Hai campaign. Cao graduated from the aviation school of the PLA Air Force in 1952 and became a pilot. In 1953, Cao went to Korea and participated in the war of resisting U.S. aggression and aiding Korea as head of a flying squadron of the Air Force of the Chinese people's volunteers. Cao once won a merit citation.

Since 1987, Cao had been deputy commander and air force commander of the PLA Shenyang units before he became the new PLA Air Force commander this month. He was conferred with the military rank of lieutenant general in 1988 and elected a full member of the Central Committee of the Chinese Communist Party this year.

New PLA Deputy Chief Meets Visitors

OW1811042692 Beijing XINHUA in English 0337
GMT 18 Nov 92

[Text] Beijing, November 18 (XINHUA)—Lieutenant General Li Jing, newly appointed deputy chief of General Staff of the Chinese People's Liberation Army (PLA), met with Lieutenant General Nazar Hussain [name as received], visiting commander of the Air-Defense Force of the Pakistani Army, and his party here today.

Li, who became deputy chief of PLA General Staff earlier this month, and Nazar had a cordial conversation on the development of relations between China and Pakistan and their armed forces.

They both expressed the hope that the two sides strengthen friendly exchanges.

Li, 62, is from Tengzhou in Shandong Province. Since the 1970s, he has been deputy chief of staff of PLA Navy, deputy commander of the PLA Naval Air Force, deputy commander of PLA Navy and commander of the PLA Naval Air Force.

Li was elected member of the Central Committee of the Chinese Communist Party last October.

Pakistani Minister Optimistic on Cooperation

OW1711160392 Beijing XINHUA in English 1455
GMT 17 Nov 92

[Text] Beijing, November 17 (XINHUA)—The conditions of Pakistan and China lay a good foundation for strengthening economic and trade cooperation between Pakistan and China, said a visiting Pakistani high-ranking official here today.

Sartaj Aziz, Pakistan's finance and economic affairs' minister, said in a interview with XINHUA that both

Pakistan and China are developing countries, whose governments are committed to rapid economic development.

While the Chinese Government has reiterated its commitment to wider reforms and greater opening to the outside world, the Government of Pakistan has introduced fundamental reforms in Pakistan's economy and planning, the minister said. He added that the two countries can enter into meaningful cooperation.

"Both sides are determined to increase and diversify our trade," said Aziz. He also felt optimistic about the prospects of economic and trade cooperation between Pakistan and China.

Aziz led an economic and trade delegation of Pakistan's Government here to attend the eighth meeting of China-Pakistan Joint Economic Committee.

The 63-year-old minister said that over the years, China has extended generous economic assistance to Pakistan in the form of state credits and supply credits.

In the technical field, he added, China has helped Pakistan in the power and mining sectors and extended assistance for power plants and for the Saindak Gold-Copper Project in Balochistan.

The minister, who visited China nine times, said that he was "deeply impressed by the economic success of China: rapid industrialization is taking place, its exports are booming, imports have been liberalized and foreign investors are competing to seek investment opportunities."

All this thanks to China's open policy, he said. "Deng Xiaoping's elaboration on the theory of socialist market economy is a historic development in China's search for an economic policy that can sustain a high growth rate while ensuring stability and social order."

Aziz said that Pakistan, as a member state of the General Agreement of Tariff and Trade (GATT), will be all for the restoration of the status of China as a signatory state to the GATT.

Political & Social

Activist's Wife Barred From Lodging Petition

HK1811051792 Hong Kong MING PAO in Chinese 18 Nov 92 p 6

["Special dispatch": "Ren Wanding's Wife Zhang Fengying Is Detained in a Guesthouse and Is Not Allowed To Make an Open Appeal"]

[Text] Beijing—Pro-democracy activist Ren Wanding's wife, Zhang Fengying, has been missing since she presented a petition to the Public Security Bureau two days ago. There was still no news about her as of yesterday. Her friends are quite worried. It is learned that Zhang Fengying was taken away by public security personnel to a guesthouse for detention, to prevent her from lodging a petition.

An informed source said that public security personnel took Zhang Fengying away in an attempt to persuade her to stop her petition. The authorities did not allow her to make an open appeal.

Ren Wanding is a middle-aged mainland intellectual who advocates human rights. He was an accountant. He was sentenced to four years' imprisonment because of his participation in the 1979 democracy wall campaign. After the 1989 pro-democracy movement, he was jailed for seven years.

After he was imprisoned, his living space was confiscated by the original unit he had worked with, and his wife had to live in a friend's home because she had nowhere else to live. His wife, Zhang Fengying, cannot find a job because she is involved in this, and her 15-year-old daughter has had a mental breakdown. Without a fixed residence, her daughter cannot go to school.

The imprisoned Ren Wanding is suffering from serious cataracts and is apt to lose his eyesight. Being physically weak, he still wore thick clothes in the height of summer. Ren Wanding is locked up in the same cell with criminal offenders. His food and daily necessities are frequently taken away by other criminals.

Earlier this year, Ren Wanding made an appeal to the authorities demanding bail for medical treatment and a solution to his wife's housing problem, but his appeal was not attended to. Ren Wanding's parents are in Nanjing and Zhang Fengying's parents are in Tianjin. In Beijing, Zhang and her daughter rely on each other for survival. They do not have many relatives.

Her Situation "Is Even More Bitter Than Coptis Chinensis"

Zhang Fengying told a friend that her situation was even "more bitter than coptis chinensis" [a kind of bitter herb]. Zhang Fengying and her daughter have nowhere to live or to go. Two days ago she and her daughter went to the Public Security Bureau to present a petition

demanding a solution to her housing problem and improvement regarding Ren Wanding's treatment in prison.

An informed source in Beijing said that Ren Wanding's wife and daughter are the most miserable among the family members of pro-democracy activists imprisoned because of their involvement in the 1989 pro-democracy movement. Her friends tried to find an apartment for her but housing in Beijing is in short supply and expensive, so they cannot afford it.

Li Lanqing To Replace Tian Jiyun as Vice Premier

HK1811134292 Hong Kong CHING CHI JIH PAO in Chinese 17 Nov 92 p 8

[Report by staff reporter Li Feng (2621 7364): "Li Lanqing Reportedly Is To Replace Tian Jiyun and Become Vice Premier in Charge of Foreign Economic Relations and Trade"]

[Text] Li Lanqing, who was recently elected a member of the CPC Central Committee Political Bureau and is usually dubbed an "expert on foreign trade," will take over Tian Jiyun's post as vice premier in charge of foreign economic relations and trade. Tian Jiyun will be relieved of his office as vice premier and will take up the idle position of vice chairman of the National People's Congress Standing Committee next spring.

According to the news from Beijing, Li Lanqing, 61, who has been working in the department of foreign economic relations and trade for quite some time, is one of the CPC's high-level "technical officials" who are familiar with "international markets." Since he took up the post of minister of foreign relations and trade, China's import and export trade has made much headway. Particularly amid the sanctions imposed on China after the 4 June Incident, China was still able to break through the blockade and maintained smooth development in its opening to the outside world. It is reported that CPC General Secretary Jiang Zemin has time and again praised Li Lanqing for the meritorious service he has performed in the development of foreign economic relations and trade in China. In addition, Li Lanqing has been to many countries in Europe, America, and Asia, and has a good knowledge of capitalist markets. With his open image in foreign countries, he is more easily accepted by the outside world.

Following the 14th CPC National Congress, the entire party will go in for the socialist market economy, and Li Lanqing's position as an "expert on foreign trade" in the Political Bureau will become increasingly important.

The source in Beijing said that, after the 14th party congress, Tian Jiyun was dismissed from his office, which is responsible for foreign economic relations and trade. He has handed over the work to Li Lanqing and is only in charge of agriculture, providing relief to disaster victims, giving assistance to the poor, and similar areas.

His post as vice premier exists only in name and will be handed over to Li Lanqing next year. The CPC hierarchy feels that, though Tian Jiyun is open-minded, he lacks specialized knowledge and belongs to the old-style leaders who rely on "striking their chests" in making policy decisions. Besides, he lacks a modern "professional intellect" and has little experience in international contacts.

In order to let Li Lanqing totally replace Tian Jiyun, the CPC leadership has appointed him vice director of the Economic and Trade Office under Zhu Rongji and member of the Central Finance and Economics Leading Group, with Jiang Zemin as the group leader. Recently, Li Lanqing has often put in an appearance, made remarks, and met foreign guests. He made plans for next year's reform in foreign economic relations and trade with a view to making greater strides in opening to the outside and has taken charge of China's efforts to lobby internationally and make preparations at home for reentering GATT. Additionally, Li Lanqing's post as minister of foreign economic relations and trade has been designated, though not officially, for assignment to Wu Yi, dubbed a "capable woman," who is currently holding the position of vice minister of foreign economic relations and trade.

Li Tieying on Reforming Higher Education

OW1811091392 Beijing XINHUA Domestic Service in Chinese 1313 GMT 14 Nov 92

[By reporters Yin Hongzhu (1438 7703 4376) and Zhao Wei (6392 5898)]

[Text] Beijing, 14 Nov (XINHUA)—China will accelerate the pace of reforming and developing its higher education. A national conference on general higher education, held in Beijing today, has called for reforming the previous system of managing schools of higher learning so that they can spontaneously keep up with the demand for establishing a socialist market economic system. To this end, efforts should be made to extend the scale of higher education, improve its quality, rationalize its structure, and raise its efficiency throughout the 1990's.

Li Tieying, member of the CPC Central Committee Political Bureau and state councillor and concurrently chairman of the State Education Commission, spoke at the conference. He said: The main purpose of the conference is to study and implement the guidelines of Comrade Deng Xiaoping's important talks during his tour of the south and the 14th CPC National Congress; to summarize and exchange experiences in reforming and developing higher education among various departments, localities, and relevant schools; and to study ways to further develop and deepen the reform of higher education under the new situation and raise the quality of higher education and efficiency of schools in all fields. Li Tieying urged comrades working on the higher education front to be guided by the spirit of the 14th CPC National Congress, emancipate their minds, update their

concepts, and seek truth from facts to scale new heights in reforming and developing higher education in China.

Zhu Kaixuan, vice chairman of the State Education Commission, delivered a report at the conference. Entitled "Conscientiously Implement the Guidelines of the 14th CPC National Congress, Quicken the Reform and Actively Develop Higher Education," the report said: A new system of higher education characterized by comprehensive subjects at different levels and in various forms has taken shape in China today. Notwithstanding, it is necessary to point out that the development of higher education still cannot cope with the needs of economic construction and social progress. We should deepen reform of the higher education system and improve conditions for running schools.

Zhu Kaixuan said in the report: We should study in depth Comrade Xiaoping's theory on socialism with Chinese characteristics and use the theory as a guide for reforming and developing higher education. We should adhere to the party's basic line and persist in gearing higher education to the central task of economic construction and spontaneously keep up with the demand for establishing and perfecting a socialist market economic system. Under the previous system, higher education is basically characterized by centralized planning of the state and direct government management of schools. Along with the progress in economic reform and social development, defects of the previous system have become more and more conspicuous, manifesting themselves mainly in excessive and rigid state "controls" and the lack of vitality for schools to automatically gear themselves to the needs of society. In view of the fundamental changes gradually taking place in the economic system, the higher education system should also be changed accordingly so that it can actively and automatically cope with the demand for the socialist market economic system.

He said: We should change the outdated pattern of state monopolies in higher education, encourage all sectors of society to run schools, and explore effective ways for developing higher education.

We should fully harness society's enthusiasm to invest in and run schools. While the state should provide the main source of investments, funds can be raised through diverse channels from communities, enterprises, and institutions; from nongovernmental sectors; from foreign and Overseas Chinese sources; from student tuitions; and from school-affiliated industries. In this way, we can gradually set up a diversified system of funding schools of higher education—they can be funded with the state providing the main source supplemented with student tuitions and community-raised funds, or with student tuitions and community-raised funds as the main source supplemented by state subsidies; or they can be run and funded by nongovernmental sectors, or enterprises and institutions on their own, and through international cooperation.

We should also change the concept of society toward higher education, clarifying that higher education is not compulsory education and that college students are in principle required to pay tuition. Meanwhile, we should improve scholarships and the student loan system and encourage all kinds of work-study programs so that students from impoverished areas and with family financial problems can attend university.

Zhu Kaixuan said: In developing higher education, it is necessary to rationalize the distribution of schools and optimize their structure according to the actual conditions of each locality. Economically developed areas where nine-year compulsory education already is common practice, and vocational and technical education is ahead of other areas, may quicken the pace of development, whereas in areas where the economy is relatively backward and basic education and vocational and technical education is fairly weak, or the foundation of existing higher education is inadequate, it is necessary to create conditions for developing higher education at an appropriate pace based on the needs and possibilities and within the limit of available resources. At the present, efforts should be made to improve specialized education to keep up with the pressing demand for specialized personnel, especially in the vast countryside and by small and medium-sized enterprises, village and township enterprises, and tertiary industries. It is necessary to increase the enrollment of postgraduate students, especially the number of candidates for doctorate degrees. It is also necessary to stabilize the scale of basic subjects, develop appropriate new and frontier subjects, and give priority to developing applied subjects.

He said: In developing higher education, it is necessary to adhere to the path of intensive development—a quick, efficient, and economic way of developing schools of higher learning.

He said: We should concentrate national resources on a number of key universities and major subjects and make them the pacesetters for schools throughout the country. The State Education Commission has drafted a project for managing 100 key universities and gearing a number of major subjects and specialties to the needs of the 21st century.

He emphasized: Under the new situation, we should accelerate the pace and strengthen the intensity of reforming the higher education system.

First, we should reform the system of running schools of higher learning and straighten out relations among the government, society, and schools. It is necessary to grant more autonomy to schools so that they can become real legal persons who run schools on their own. Meanwhile, we should transform government functions and step up legislation.

Second, we should reform the system of managing higher education and introduce a two-tier management system at the central and provincial (autonomous regional or municipal) levels. The central management department

should streamline the administration and delegate more authority to lower levels for strengthening the managerial powers of local governments. Except for major political principles and national plans which should be decided by the central authorities, the provincial, autonomous regional, and municipal governments should be given the responsibilities and powers in formulating and implementing specific policies, systems, and plans, and in exercising leadership and management of schools of higher learning set up by local governments.

Third, we should introduce step-by-step reform of the internal management system of schools and further reform the enrollment system and the system of job placement for graduates. We should reform the mandatory enrollment system under centralized planning by the state and introduce a system that combines state mandatory planning with regulatory planning. As far as the work related to enrollment of new students passing the unified entrance examination is concerned, we should gradually delegate the enrollment power to schools.

We should further reform the employment system, under which college graduates "are guaranteed a cadre's position" under the "centralized job placement system." In the near future, students enrolled under state plans will, in principle, continue to be placed in jobs of certain fields under state mandatory planning. Schools and employers will work together to assign jobs for graduates, but both graduates and employers will be allowed to make the decision. Along with the establishment of a socialist market economy and with the reform of labor and the personnel system, we should gradually introduce a new employment system of allowing graduates to make their own decision under the guidance of government policies.

Zhu Kaixuan said: Deepening reform and raising the quality of teaching is the core of reforming higher education. We should, in line with the requirement of "looking forward to modernization, the world, and the future," implement the party's education policy in an all-around manner, strengthening the intensity of reforms in teaching materials and methods, going all out to encourage the use of modern teaching methods and to improve the management system of teaching, and attaching importance to moral and physical education, thereby raising the quality of training for talented people in all fields.

To this end, it is necessary to strengthen and improve moral education, relax controls on approving the establishment of specialties, and further reform teaching materials and methods and the management system of teaching.

Zhu Kaixuan also discussed issues related to reforming the science and technology management system in schools of higher learning, improving teachers' quality,

opening schools wider to the outside world and international exchange and cooperation, and reforming logistics work.

The conference was attended by officials in charge of education from a number of provinces, autonomous regions, and municipalities, and the ministry and commission in charge of education under the State Council, as well as representatives from various local education departments and institutes of higher learning.

State Education Commission Appraisal Group Formed

OW1811100492 Beijing XINHUA Domestic Service in Chinese 1217 GMT 14 Nov 92

[Text] Beijing, 14 Nov (XINHUA)—A national appraisal committee for China's institutions of higher learning under the State Education Commission was established today. Its establishment will further strengthen macrocontrol over higher education and will evaluate institutions of higher learning in a more scientific and democratic manner.

Li Tieying, state councillor and minister of the State Education Commission, said at the inauguration: The establishment of the national appraisal committee for institutions of higher learning is a key measure for improving macrocontrol over higher education. It will make our country's higher education more suitable to China's reality and more conducive to establishing a socialist market economic system.

Li Tieying also presented appointment letters to 45 experts from various relevant departments and institutions across China.

The appraisal committee held its first meeting today. The meeting proposed that the State Education Commission has the examining and approval powers on ways to operate higher education. Hereafter, appraisals on newly founded institutions of higher learning will be implemented in accordance with relevant policies and regulations issued by the State Council and the State Education Commission. Evaluation work will emphasize the importance of relevant regulations regarding rational distribution, improving the structure of various levels and disciplines, and mandatory conditions for operating an educational institution. The meeting also stressed: China's higher education must persistently advance on the road which primarily emphasizes intensive development.

The appraisal committee's first meeting approved the appointments of the director and deputy directors of the appraisal committee as recommended by the State Education Commission. The director is He Dongchang. Deputy directors are Xu Dunhuang, Zhang Yuji, and Wang Xuezhen.

Li Ruihuan Writes Prospecting Philosophy Seminar

OW1711133292 Beijing XINHUA Domestic Service in Chinese 0816 GMT 13 Nov 92

[By reporter Zhu Youdi (2612 1635 2769) and correspondent Guo Xiaoqiang (6753 1420 1730)]

[Excerpt] Beijing, 13 Nov (XINHUA)—Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee, recently wrote a letter to a seminar on the study of mineral prospecting philosophy held in Nanchang. In his letter, Li Ruihuan said, "This seminar to discuss mineral prospecting philosophy, convened by the Committee of Geology of the All-China Society of Natural Dialectics, is very meaningful." He expressed the hope that more comrades will consciously apply the tenets of Marxist philosophy in guiding production and work, thereby accelerating reform, opening to the outside world, and the modernization drive.

In his letter, Li Ruihuan also said that *An Introduction to Mineral Prospecting Philosophy*, written by Minister of Geology and Mineral Resources Zhu Xun, carefully explores the application of Marxist philosophy to guiding mineral prospecting, and therefore it can serve to enlighten other trades as well.

At the seminar, Zhu Xun spoke on the nature, target, and task of mineral prospecting philosophy, the basic law and domain of mineral prospecting philosophy, the formation of the system of mineral prospecting philosophy, as well as the importance and urgency of studying mineral prospecting philosophy. [passage omitted]

Zhu Rongji Congratulates Washing Machine Plant

OW1811064292 Beijing XINHUA Domestic Service in Chinese 0941 GMT 15 Nov 92

[By correspondent Xu Yuan (1776 3293) and reporter Li Wei (2621 1550)]

[Excerpt] Nanjing, 15 Nov (XINHUA)—"Small Swan"-brand washing machines of the Wuxi city washing machine plant have operated 5,000 times without a breakdown, reaching an advanced international standard. State Council Vice Premier Zhu Rongji recently sent a congratulatory cable. [passage omitted]

Officials Discuss Copyright Convention Membership

HK1711140492 Beijing FAZHI RIBAO in Chinese 15 Oct 92 p 4

[Text] Beijing, 14 Oct (FAZHI RIBAO)—The dates 15 and 30 October 1992 were both memorable. They respectively commemorate the dates that the Berne Convention and the Universal Copyright Convention officially took effect in China. From that time forward, China's works will be protected in other states that are

members of the conventions, and the works of these other member states will also be protected in China.

This afternoon, the State Copyright Administration [SCA] held a news briefing, at which SCA Deputy Director Liu Gao officially made the above announcement to the press.

Liu Gao said: In as little as one year and four months since China put the Copyright Law into practice, it has made it possible for the two international conventions to take effect in China. This shows that China, which is pursuing reform and opening up, is not only committed to the establishment of a domestic copyright protection system, but also takes a very positive attitude toward developing foreign relations on copyrights.

Liu Gao said: After joining the international copyright conventions, China will, by enacting Chinese laws, use foreign works strictly in accordance with the provisions of the conventions and international practice, improve the market environment for foreign works, and promote China's cooperation and exchange with other countries in copyright-related areas. In the meantime, it is necessary to improve the competitiveness of Chinese works on the international market, as well as strengthen and perfect the home copyright protection system.

Liu Gao and other SCA officials also answered some specific questions by Chinese and foreign reporters following the announcement that the two international copyright conventions came into effect in China.

Forum Discusses Public Order on Key Railways

OW1811113292 Beijing XINHUA Domestic Service in Chinese 1101 GMT 14 Nov 92

[By reporter Dou Guangsheng (4535 1639 3932)]

[Text] Changsha, 14 Nov (XINHUA)—A national forum on improving public order on major railway sections was held in Hengyang 14 November. The forum urged all localities to earnestly implement the guidelines of the 14th CPC National Congress by adopting comprehensive measures to further improve public order on railways, and to help accelerate reform, opening up, and economic construction.

Shu Huaide, member and concurrently director of the general office of the Commission for Comprehensive Management of Public Order and deputy secretary general of the Political and Legal Commission of the CPC Central Committee, spoke at the forum. He said: Railways are the bloodline of the national economy as well as the window reflecting the order of society as a whole. In recent years, the railway and the public security departments have worked concertedly in accomplishing a great deal of work to improve public order on railways. Especially since May 1991, they have achieved notable results in launching special campaigns to improve order on seven key railway sections with a relatively chaotic order. They are, namely, the Hengyang-Laiyang section

on the Jingguang Railway, Luoyang-North Xiangyang section on the Jiaozhi Railway, Longxi-Dingxi section on the Tianlan Railway, Tongguan-Mengyuan section on the Longhai Railway, Ganluo-Xichang section on the Chengkun Railway, Luohuang-Ganshui section on the Chuanqian Railway, and Jinchengjiang-Mawei section on the Qiangui Railway.

In his speech, Shi Xiyu, vice minister of railways, said: The situation of public order on railways, although relatively stable in general, remains rather serious on key sections. Leaders at all levels should make relentless efforts to achieve marked results in ensuring public safety. In order to achieve a breakthrough in work related to railway security, the following targets have been set for 1993: Bringing robbery, murder, and other vicious crimes under control; lowering the incidence rates of multiple theft against passengers and freight materials, and of dismantling and stealing railway equipment; cracking down on mass seizure of freight and other incidents that can seriously jeopardize railway transport security; and effecting a noticeable improvement in the chaotic situation in social security.

Officials from Hengyang City, Guizhou Province, Shandong's Zoucheng City, and seven other units briefed the forum participants about experiences in improving public order on railways.

Nation Publishes Total of 1,755 Newspapers

OW1711142392 Beijing XINHUA Domestic Service in Chinese 2102 GMT 15 Nov 92

[By correspondent Ai Shuangxin (5337 7175 2450)]

[Text] Beijing, 16 Nov (XINHUA)—According to the latest statistics compiled by the Newspaper Administrative Department of the China Press and Publications Administration, 1,755 newspapers were formally published on the Chinese mainland as of mid-October.

Before the Third Plenary Session of the 11th CPC Central Committee, there were only 186 regular newspapers, mainly organs of party committees at various levels, in China. Since the start of reform and opening up, rapid progress has been made in newspaper publishing in China. While most of the newspapers remain organs of party and government organizations at various levels, there are also newspapers about the economy, information, science and technology, culture, education, sports, and daily life and recreation.

WEN HUI BAO on Studying CPC Constitution

OW1711123292 Shanghai WEN HUI BAO in Chinese 6 Nov 92 p 6

[Article by Ye Duchu (0673 4648 0443): "Studying and Implementing the Party Constitution"]

[Text] The party constitution, adopted at the 14th national party congress and founded on Comrade Deng

Xiaoping's theory of building socialism with Chinese characteristics, is a potent weapon for improving the awareness of all party comrades about upholding the process of building socialism with Chinese characteristics, for strengthening and improving party building, and for expanding the party's role as the leadership core.

The party constitution adopted at the 14th national party congress has four specific features: It affirms the guiding role of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; confirms the party's basic line during the primary stage of socialism characterized by "one central task and two basic points"; sets the code of conduct for party members and cadres with party membership and defines the functions of primary party organizations during the new period; and affirms the party's tasks during the fight against various unhealthy practices within the party, especially negative and corrupt practices.

The party constitution is the party's basic law; it is the so-called code of conduct for CPC members. It serves as an important divide that distinguishes right from wrong and differentiates Marxism from non-Marxism and various erroneous thoughts.

One of the major achievements of the 14th CPC National Congress is the adoption of the partially amended "Constitution of the CPC." According to a resolution adopted by the congress, the party constitution took effect on the day of its adoption. Party organizations at all levels and all party comrades should steadfastly implement the various provisions of the party constitution; further improve the party's rallying and fighting powers; and expand the party's role as the leadership core in reform, opening up, and modernization.

The Party Constitution Is Best Illustrated by Practice Over the Past 14 Years

During the course of its construction, the CPC has formulated 12 party constitutions—including the party program adopted at the First National Party Congress—in light of changing conditions and on the basis of its understanding and experience. The party constitution, formally promulgated after partial amendments by the 14th national party congress (hereafter called the party constitution of the 14th national party congress), is the 13th in our party's history. All party constitutions have resulted from the development of the party's history. They reflect the party's ideological, theoretical, political, and organizational progress, as well as its degree of maturity, during a given phase of development. Generally speaking, a party constitution—scientifically formulated on the basis of collective wisdom and experience under the guidance of Marxist theory—always has a positive impact on the party's progress and serves as an organizational and legal basis for the implementation of the party's basic line and the party's sound development.

The party constitution of the 14th national party congress was conceived at an important moment when our

party is accelerating its process of reform, opening up, and modernization for greater success in the cause of building socialism with Chinese characteristics. Its historic mission is to officially affirm the theory of building socialism with Chinese characteristics, the party's basic line, and a whole set of principles and policies that are consistent with this line by reviewing the practical experience gained since the Third Plenary Session of the 11th CPC Central Committee. The review is to be conducted from the lofty perspective of the party's basic law. The historic mission also calls for affirming the party's strategic plans during the new phase of historical development; confirming the principal tasks for promoting economic development and overall social progress; and defining the political, organizational, and moral conduct of party organizations at all levels and party members. This will improve our party's ability to cope with challenges while advancing the great cause of building socialism with Chinese characteristics.

Engels said: A party constitution is best illustrated by history. Only the practice of reform since the Third Plenary Session of the 11th CPC Central Committee fully illustrates the necessity and meaning of the 14th national party congress' action of partially amending the original party constitution. As noted in Comrade Jiang Zemin's report to the 14th national party congress on behalf of the 13th CPC Central Committee, our cause over the past 14 years has been to maintain the party's basic line and to implement the policy of reform and opening up in the interest of liberating and developing the productive forces during the process of building socialism with Chinese characteristics. During the past 14 years, we have truly concentrated on the socialist modernization drive, rapidly improved the people's living standards, opened up new historical prospects, and achieved world-renowned results. This has increased public support for the party. Experience over the past 14 years essentially illustrates the need to firmly maintain the party's basic line under the guidance of the theory of building socialism with Chinese characteristics. To achieve this end, we should steadfastly carry out the central task of economic construction. We must integrate the policy of reform and opening up with the four cardinal principles while consolidating and developing political unity and stability. The party constitution must affirm and reflect these efforts. In reality, the partially amended party constitution of the 14th national party congress is highly scientific and authoritative because it accurately and succinctly reflects these efforts in accordance with the requirements of the era.

Socialism would not have been in a new situation nor have scored new successes, the CPC could not have made the new progress and created the new image of itself in China and the world, and the current party constitution with distinctive theoretical and statutory features adopted by the 14th party national congress would be nonexistent if the great practices had not been carried out over last 14 years. During the eighth party national congress more than 30 years ago, Comrade

Deng Xiaoping was in charge of the drafting of the party constitution. He announced then that the party constitution to be adopted by the eighth party national congress would play the role of an effective tool for improving the quality of the party, expanding inner-party democracy, displaying the party members' political initiative, improving the party's organizational work, and enhancing the party's unity and fighting power. In accordance with the resolution of the 14th party national congress, we may now say that the party constitution adopted by the 14th party national congress, based on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, will be an effective tool for raising the awareness of all comrades in the party of the need to persistently building socialism with Chinese characteristics, to strengthen and improve party building, and for making the party play an even better role as the core of leadership.

Full of the Spirit of Building Socialism With Chinese Characteristics

The entire party constitution is full of the spirit of building socialism with Chinese characteristics, and this is the most important feature and the most remarkable strong point of the newly adopted party constitution.

The party constitution adopted by the 14th party national congress was formulated by revising, enriching and improving the old party constitution adopted by the 12th party national congress. The party constitution of the 12th party national congress was a good party constitution. It inherited the basic principles and fine traditions of the platform of the first party national congress, and particularly of the party constitutions adopted by the seventh and the eighth party national congresses. It correctly stipulated the party's character, guiding ideology, ultimate objectives, organizational principles, cadre line, discipline, and style of work. However, since it was formulated soon after the start of reform in China, it did not and could not reflect the situation which followed, nor the new experiences in furthering reform and opening up, nor could it sum up the new knowledge and new conclusions of the more than 10 magnificent subsequent years. For this reason, it was completely necessary and correct to revise the old party constitution, with emphasis of the revision on the general program, so as to meet the new situation and the party's development needs. So, the guiding principle for the revision was to sum up the experience of socialist modernization and party building since the 12th party national congress; add to the party constitution Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, principles and policies; set realistic new demands for the party work and party building; and turn the party into a strong core of leadership over the people across the country in their constant advance on the road of building socialism with Chinese characteristics. As a result, the revised party constitution adopted by the 14th Party National Congress has had sufficient theoretical basis and reflects the distinctive features of the times since the beginning

of the revision. It is a highly scientific and feasible party constitution which has inherited the past and will usher in the future.

Facts prove that the revision of the party constitution was greatly successful because it was based on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and particularly on his important talks made during his southern China inspection tour early this year, and because it was supplemented with the new experience of all comrades in the party. On the one hand, the revised party constitution shows in a concentrated way that it continues to adhere to Marxist theory on party building; continues the party character of being the vanguard of the working class; regards Marxism-Leninism-Mao Zedong Thought as the guidance; persists in taking the realization of communist social system as the party's ultimate objective; upholds the organizational principle and the party life of democratic centralism; and thus displays the CPC's principles and spirit and its basic distinction from other political parties. On the other hand, the revised party constitution has had additional ideological, political and organizational contents characterized by socialism with Chinese characteristics. These contents, which can be found not only in the general program but also in various articles, are practicable and operational. This shows that our party's consistent spirit of emancipating the mind and seeking truth from facts is not to be bound by any rigid formula; we have never considered the form of party organizations and the way of party activities to be rigid and unchangeable, and we persist in integrating theory with practice and advocate the coexistence of solemnity and flexibility.

The party constitution contains the following specific features:

1. It affirms the guiding role of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in our country's socialist construction. The general program of the party constitution states: "The theory on building socialism with Chinese characteristics, which expounds on the fundamental issues related to building, consolidating, and developing socialism in China, and which inherits and develops Marxism, is a guide for the socialist cause to advance continuously in China."

The general program of the party constitution is our party's most basic political and organizational program. In terms of programmatic and organic rules, it accords the theory of building socialism with Chinese characteristics a fundamental guiding role. Writing the general program of the party constitution is different from writing a report or a resolution because it concerns an authoritative document of long-term, enduring significance. It has profound implications for unifying the thinking and actions of all party members.

After expounding the practical and theoretical basis for developing the theory of building socialism with Chinese

characteristics, the general program focuses on basic problems during the initial stage of socialism in our country, succinctly addressing these problems in terms of historical phases, major contradictions, fundamental tasks, economic systems, evaluation criteria, and strategic objectives. This provides a fully scientific basis for all activities and endeavors carried out by our party in building socialism with Chinese characteristics. These activities and endeavors are protected by party regulations. In this sense, the party constitution of the 14th National Party Congress is an epoch-making milestone in our country's socialist construction.

2. It confirms the party's basic line during the initial stage of socialism—"one central task and two basic points." It also expounds the basic line in terms of its essence and its relationship with party building and other concrete work. The general program of the party constitution emphasizes: "The CPC must persist in regarding economic construction as its central task, and all other work must be subordinated to and serve the central task." It underscores the status of the four cardinal principles as "the foundation of our country. In the whole process of socialist modernization, it is imperative to uphold the four cardinal principles and oppose bourgeois liberalization." It notes that "reform and opening to the outside world are the only way to liberate and develop the productive forces." It highlights the tasks of "instituting a system of socialist market economy" and "drawing on and assimilating all the achievements of civilization created by mankind, including developed Western countries' advanced methods of operation and management reflecting the law of modern production."

The general program of the party constitution also sets the task of "strengthening party building in strict accordance with the party's basic line." It outlines four basic requirements—upholding the party's basic line, maintaining the practice of emancipating the mind and seeking truth from facts, serving the people wholeheartedly, and embracing democratic centralism. It uses these requirements to regulate and guide the party's various construction programs. Additionally, it outlines organizational tasks to ensure the implementation of the party's basic line, stresses the need to select cadres who perform their official duties brilliantly and who enjoy the trust of the people, and emphasizes the importance of strengthening and improving the party's leadership.

These are our party's latest conceptions and conclusions in socialist construction. Codifying these mature conceptions and conclusions into the party constitution is a move that aims to provide strong guidance of practical significance. This will turn the party constitution of the 14th national party congress into a guide for all party members in scoring greater success in building socialism with Chinese characteristics through the implementation of the party's basic line.

3. It sets the code of conduct for party members and cadres and defines the functions of primary party organizations during the new period of reform, opening up, and modernization. Besides preserving and reiterating the original provisions, Chapter I of the party constitution—which concerns the party's membership—expands and reinforces provisions on the obligations of party members and highlights the need to study the theory of building socialism with Chinese characteristics; to implement the party's basic line; and to take the initiative in contributing to the program of reform, opening up, and socialist modernization in accordance with the party's tasks and the requirements of the party's basic line. The original provisions characterize CPC members as communist-minded vanguard fighters of the Chinese working class, who serve the people wholeheartedly, dedicate their whole lives to the realization of communism, and stand ready to make any personal sacrifices. Chapter VI—which concerns party cadres—sets new and more stringent demands on cadres, stressing that party cadres must "grasp the theory of building socialism with Chinese characteristics, and strive to use the Marxist stand, viewpoint, and method to solve practical problems." It also emphasizes that party cadres must "resolutely implement the party's basic line, principles, and policies; be determined to carry out reform and opening to the outside world; and devote themselves to the cause of modernization." It stresses their ability to "combine the party's principles and policies with the realities of their areas or departments, tell the truth, do practical work, work for actual results, and oppose formalism." This chapter also outlines other demands. On the party's primary organizations, the party constitution specifies the functions of such organizations, underscores their role as "the basis for all the party's work and the party's fighting power," and highlights their status as fighting bastions in reform, opening up, and modernization. These provisions show that the party constitution of the 14th national party congress is designed to maintain our party's solidarity and unity, to inspire the initiative and creativity of party organizations at all levels and all party members, and to constantly improve the party's rallying and fighting powers.

4. It affirms the party's tasks during the fight against various unhealthy practices within the party, especially negative and corrupt practices. The general program of the party constitution states: "The issues of party style and the ties between the party and the masses are two issues that concern the life and death of the party. The party steadfastly opposes corruption and always works to improve party style and build a clean government." The provisions on party cadres highlight the need to "correctly exercise the powers entrusted by the people, be honest and upright, work hard for the people, and make themselves an example." The provisions on the obligations of party members call for "resolutely fighting negative and decadent phenomena."

It is the first time in the history of party constitutions that our party has codified the struggle against negative

and corrupt practices within its ranks. This demonstrates the party's stern and serious attitude toward practices that gravely harm the party's flesh-and-blood ties with the people, tarnish the party's image, and corrupt the party. It also shows the party's strong determination to stop the spread of these practices. It is common knowledge that not all political parties will openly criticize themselves and ruthlessly and resolutely correct their own shortcomings, failings, and mistakes. The CPC has a fine tradition; a good work style; and ample experience in strengthening, reorganizing, and purifying itself. It shows courage in specifying the tasks for eliminating corruption and in introducing relevant concrete provisions to its constitution. This will surely produce a positive and major impact on improving the party's prestige, and on promoting healthy practices and fighting unhealthy ones among party members and in party organizations at all levels. The party constitution of the 14th national party congress is obviously designed to preserve our party's purity and strength, to maintain close ties between the party and the people, and to build confidence in courageously advancing toward the grand goal of the 21st century.

Communists Must Feel Duty-Bound To Implement and Defend the Party Constitution

It is the bounden duty of every communist to observe and defend the party constitution. As a law, the party constitution cannot achieve anything by itself; it must be converted into a genuine and practical force through the collective efforts of people, party members, and party organizations. Therefore, we should conduct study and training sessions to improve the awareness of party members about implementing the party constitution. We should jointly uphold the authority and dignity of the party constitution by implementing it while maintaining our faith in Marxism, firmly following the path toward socialism with Chinese characteristics, and resolutely implementing the party's basic line.

The party constitution has been traditionally regarded by the CPC as its teaching material. It is the basic material used by the large numbers of party members to gain knowledge about the party. The general program of the party constitution is regarded even as important material for the study of communism and socialism. The party constitution of the 14th national party congress still retains these characteristics in its contents and functions. Compared to the party constitution adopted at the 12th national party congress, the party constitution of the 14th national party congress has condensed the general contents of communism and socialism. It has expanded and increased provisions regarding socialism with Chinese characteristics. Provisions regarding the initial stage of socialism and the party's basic line contain an additional 1,000 characters. The general program has been changed from the original 19 paragraphs to 22 paragraphs and its wordage from over 3,200 characters to over 4,300 characters. Because of the deletion of articles on the Central Advisory Commission and the condensation of words used to describe the duties of

party members and the qualifications of party cadres, the characters used in these articles have been reduced from over 12,500 to 11,000. However, the total number of 10 chapters and 50 articles remains intact. In all, the party constitution contains more than 15,000 characters, close to the wordage of the party constitution adopted at the 12th national party congress. In terms of length, the party constitution is more suitable for studying among party members and cadres. In terms of content, it fits better the guideline which promotes "refinement and practicability." The study of the party constitution will help party members strengthen their faith in socialism and communism, constantly heighten their political and organizational consciousness, and improve their actual ability to conduct propaganda and organizational work among the masses.

CPC members should study the party constitution not merely for the sake of studying. They should study it in order to implement and defend it, use the party constitution to regulate their actions and guide their party activities, and enhance the strong and effective functions of the party constitution as a weapon for organizing work. When we study the party constitution, we should take the actual situation into consideration and measure our thoughts and work against what is written in the party constitution. We should analyze and solve practical issues in our units or localities, and implement the party's aims, organizational discipline, mass line, and fine style in our practical work.

We must oppose all erroneous nihilistic and liberal deviations which ignore, belittle, or do not care for the party constitution. The party constitution is the fundamental law of the party and the standard for judging the actions of all communist members. From the Marxist standpoint, a party constitution is an important dividing line that differentiates right from wrong and Marxism from non-Marxism and erroneous ideas of every description. We should pick up this weapon—the party constitution—to achieve unity, progress, and a sense of discernment. We should staunchly follow the party constitution when handling matters and fighting all actions conducted by ourselves or others in violation of the party constitution.

We must oppose the "pragmatic" attitude of some people toward the party constitution. This attitude of "implementing the party constitution according to one's liking" is a very unhealthy practice. The party constitution is a law which is generally applicable in the party. We should not undermine its dignity. We should not quote the party constitution out of context, arbitrarily distort its meaning, openly embrace it while covertly opposing it, and trampling on it. The party constitution says that we should support and protect the rights of party members. We should also supervise and help party members fulfill their obligations. It is difficult to eliminate the rather serious unhealthy tendencies and corrupt practices in our party. These practices have contributed to the failure of many party organs to strictly implement the party constitution and its provisions regarding the

rights, duties, and discipline of party members. By failing to abide by the party constitution and by not punishing those who violate it, we are aiding in the festering of unhealthy practices and are seriously harming the honor and prestige of the party constitution. We should not underestimate the evil consequences and effects of such actions.

We must oppose disgusting actions of a small number of party members, in particular, leading cadres who regard themselves as special, as being beyond the reach of the restrictions imposed by the party constitution, or as being above the party constitution. All party members are equal before the party constitution and party discipline. Everybody must abide by the party constitution. Those who violate the party constitution should be punished in accordance with party rules and regulations. No exception should be made in giving these party members disciplinary actions or in expelling them from the party. Leading cadres at all levels should take the lead in setting an example of observing and safeguarding the party constitution.

Military

Deng Xiaoping Reportedly Orders PLA Reshuffle

OW1811105692 Tokyo KYODO in English 1009 GMT
18 Nov 92

[Text] Beijing, Nov. 18 KYODO—China has replaced several senior military officers as part of a major new campaign to depoliticize the People's Liberation Army (PLA) and foster a more professional fighting force.

Coming just one month after the Communist Party's 14th congress, the new appointments reflect a general party desire to curb PLA faction building and concentrate on protecting and expanding the country's strategic interests, military analysts say.

One day after the October 12-18 congress ended, 22 new military officers were elected to the party's 189-member Central Committee, and three have now been promoted within the PLA itself.

Lt. Gen. Cao Shuangming has succeeded Gen. Wang Hai as commander of the PLA Air Force, the state-run XINHUA NEWS AGENCY reported Tuesday.

On Wednesday, XINHUA said Lt. Gen. Li Jing has been appointed deputy chief of the PLA General Staff.

Earlier this month, the PLA daily reported Jinan Military Region Commander Lt. Gen. Zhang Wannian has succeeded Gen. Chi Haotian as chief of the General Staff.

Chinese sources say Chi is likely to become defense minister when the incumbent Qin Jiwei retires next March.

Cao, 63, and Li, 62, both met Pakistan's visiting Air Defense Force Chief, Lt. Gen. Nazar Hussain, this week to discuss military cooperation, XINHUA said.

Cao, who led a flying squadron during the 1950-1953 Korean war, was formerly deputy commander of the Shenyang Military Region and commander of the region's Air Force.

Li has been deputy commander of the PLA Navy since the 1970s and commander of the Navy's Air Force.

Their new appointments were both made this month, XINHUA said.

Analysts say the current military reshuffle also serves to offset the influence of PLA strongman Yang Baibing who lost all his military positions after the party congress despite being elevated to the ruling Politburo.

Yang, the half brother of President Yang Shangkun, was accused of empire building after he used his position as director of the PLA's General Political Department to promote close colleagues, the analysts said.

Paramount leader Deng Xiaoping is said to have ordered a reshuffle to curb the emergence of powerful military factions in the provinces and the 22 new Central Committee military members include representatives from all seven of China's military regions.

Communist Party General Secretary Jiang Zemin set the new military tone in his political work report to the party congress which outlined specific goals for the PLA, including the defense of territorial interests.

"We must create the best armed forces that our conditions permit, turning the PLA into a strong, modernized, revolutionary, regular army and constantly increasing our defense capabilities," Jiang said.

Jiang also reaffirmed the party's leading role in military affairs, a point taken up in a PLA daily commentary Wednesday which said discipline and subordination to the party must remain strong in military ranks.

"Discipline guarantees the implementation of the party line so the whole army must strictly abide by the party's political discipline," the commentary said.

PLA Deputy Chief of Staff Appointment Viewed

HK1811140392 Beijing ZHONGGUO XINWEN SHE
in Chinese 0650 GMT 18 Nov 92

[By reporter Li Wei (2621 0251): "Lieutenant General Li Jing Assumes Office of Chinese People's Liberation Army Deputy Chief of Staff"]

[Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)—Lieutenant General Li Jing, who has served in all three branches of the People's Liberation Army [PLA] for 46 years, has recently become a member of the highest leadership in the Chinese Army. Early this month he was appointed deputy chief of staff of the PLA.

Before being appointed to the present post of PLA deputy chief of staff, this 62-year-old member of the 14th CPC Central Committee was the deputy commander of the PLA Navy.

Gen. Li Jing, from Tengzhou in Shandong Province, served four years in the ground forces, five years in the Air Force, and 37 years in the Navy. In the early 1950's, he took flight lessons for two years at the Air Force aviation school. He has almost 30 years of flying experience, and the fighter planes he has flown include LA-9, LA-11, MiG-15, Qian-5, and Qian-6.

In the Navy, Li Jing held the posts of deputy group commander, group commander, air battle firing officer, deputy regiment commander, regiment commander, deputy division commander, and division commander. From 1973 to 1981, he was Navy deputy chief of staff. After that he was deputy commander of the PLA Naval Air Force for nearly two years, and then he was appointed deputy commander of the PLA Navy. Since 1983, he was the deputy commander of the Navy and concurrently the commander of the Naval Air Force. He was discharged from the post of commander of the Naval Air Force in 1990.

It is said that Lt. Gen. Li Jing is very concerned about Air Force pilots' daily lives, and always does his best to help them solve their problems. He has an amiable disposition.

This morning, acting in the capacity of PLA deputy chief of staff for the first time, Gen. Li Jing, sporting black framed eyeglasses and wearing his Navy uniform, met with Lt. Gen. Nazar, visiting commander of the Pakistani Army's Air Defense Force. Li Jing told the guest that the Chinese Army will work to enhance friendship and cooperation with its Pakistani counterpart. He said: China and Pakistan are intimate neighbors, and the Chinese and Pakistani armies are not ordinary friends but are old and good friends. Support and help are mutual.

Lt. Gen. Nazar told Li Jing that Pakistan wishes to see a powerful China, and considers China's growing into a power as Pakistan's own achievement. Pakistan hopes that the friendship between Pakistan and China and between the two armies will be as firm as the Great Wall.

Also present at the meeting were Lt. Gen. Yu Zhenwu, deputy commander of the PLA Air Force, and Major General Chen Huiting, deputy chief of staff of the PLA Air Force.

Military Academy Posts Reportedly Reshuffled

HK1811025492 Hong Kong KUI PAO in Chinese 18 Nov 92 p 11

[Unattributed report: "Further Military Reshuffle Revealed"]

[Text] Sources in Beijing revealed that the chiefs of two major CPC military academies have already been changed. Zhu Dunfa has been appointed commandant of the People's Liberation Army [PLA] National Defense University and Zhao Nanqi has been appointed commandant of the Academy of Military Sciences.

General Zhang Zhen, former commandant and political commissar of the PLA National Defense University, was elected vice chairman of the Central Military Commission at the First Plenary Session of the 14th CPC Central Committee. The new commandant, Zhu Dunfa, is a lieutenant general and former commander of the Guangzhou Military Region. He was elected member of the CPC Central Committee at the 14th CPC National Congress.

Lt. Gen. Li Wenqing, deputy political commissar of the university, may be promoted to replace Zhang Zhen as political commissar. He is also a new member of the 14th CPC Central Committee.

Lt. Gen. Jiang Shunxue, former commandant of the Academy of Military Sciences, has quit his post and the vacancy has been filled by Gen. Zhao Nanqi, former director of the General Logistics Department.

Lt. Gen. Yang Yongbin, former political commissar of the Academy of Military Sciences, has also quit his office, and he has been replaced by Vice Admiral Zhang Xusan, former deputy commander of the PLA Navy.

Combined Tactical Training Center Built in Anhui

OW1711134192 Beijing XINHUA Domestic Service in Chinese 0658 GMT 12 Nov 92

[By reporter Jia Yong (6328 3057) and correspondent Sun Yurong (1327 3768 2837)]

[Text] Hefei, 12 Nov (XINHUA)—The first combined tactical training center of the armed forces, located in eastern mountainous Anhui, now possesses the capabilities of simulated fighting, testing troops, scientific-research testing, and comprehensive logistic support after years of construction.

An ongoing triphibious tactical exercise, the largest-scale conducted at the center by our armed forces under modern conditions in recent years, shows that the space of the tactical training center; its indication of targets; its directional facilities; and its structural functions have operated as an actual battlefield and have been up to standards in automation, modernization, and multiple purposes. A series of newly built advanced facilities are running well. In the past six years, this center has conducted more than 10 large-scale military exercises and tests and has made nearly 100 achievements in training reform and scientific research, two of which have received state awards for scientific and technological progress. High-ranking general officers of our Armed Forces and training experts participating in the exercise at the center hold: This center's completion and use

provides an effective material and technical guarantee for raising our armed forces' level of combined tactical training and conducting large-scale combat exercises under modern conditions.

This large training base, which has multiple training capabilities but is mainly tasked to conduct combined tactical combat training, has a circumference of hundreds of kilometers, where battlefields look real and where there are crisscross networks of trenched as well as overt and covert pillboxes. There are bridges and roads which radiate in all directions, and placed before forward positions are a lot of wire entanglements. In the command and control building there are power-operated sand tables, each of which demonstrates a miniature of an exercise. Also in this building are a foreign military data library which has tables of organizations, equipment, tactical principles of foreign countries' armed forces, tactical operations rooms of various services, laser simulated warfare rooms, microcomputer and television rooms, a command room, and a "red" army confronting "blue" army room. A three-dimension control system consisting of 16 sets of cameras is capable of showing on a large screen everything taking place on the battlefield. According to what he sees on the screen, the commander decides how to deploy his troops and appraisers acquaint themselves with the situation on the battlefield in the light of various data shown on computers. Full-time exercise directors and appraisers have finished their training here. A simulated foreign force, trained on the tactical principles of threatening enemy troops, has displayed its capability in several combat exercises.

Anhui Militia Tasks for Economic Construction

OW181113192 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 15 Nov 92

[By station correspondents Li Changtai and Fan Dashui; from the "Provincial Hookup" program]

[Text] From 5 through 13 November, Shen Shanwen, delegate to the 14th party congress, member of the Anhui provincial party committee standing committee and commander of the Anhui Provincial Military District, visited Huoqiu, Jinzai, Huoshan, Yuexi, Wangjiang, and Huaining—former revolutionary areas and counties in the Dabieshan mountain range—to propagate the 14th party congress guidelines among the cadres and masses there. He also discussed with local party organizations ways to eradicate poverty and speed up reform, openness, and economic development.

During the visit, Shen Shanwen set forth some basic tasks which local people's armed force departments should fulfill to rejuvenate the local economy.

Shen Shanwen said: Through studying and implementing the congress guidelines, people's armed forces departments and the vast number of militiamen should achieve a consensus of the theory of building socialism with Chinese characteristics; firmly carry out all militia

projects under the guidance of the party's basic line; strive to accommodate the new situation created by a socialist market economy around the local strategies for economic development; and, while firmly adhering to the policy of assisting poverty-stricken areas and leading the militia to achieve prosperity, display the revolutionary fighting spirit of Red Army soldiers and throw themselves into economic construction in former revolutionary bases.

To this end, Shen Shanwen urged people's armed forces departments to break the bondage of outmoded concepts and habits which impede economic development, emancipate their minds, change their mindset, and do a good job in training skilled people that society needs. He said: Since channels among people's armed forces departments are unimpeded, they should take advantage of this strength to establish an economic information network to provide the masses with ideas to achieve prosperity. People's armed forces departments should set up enterprises that can generate the resources needed to sustain militia operations, make continuous efforts to expand people's armed forces departments economic strength, and strive to explore a way by which militia affairs and economic construction can promote one another and develop in a coordinated manner.

To achieve a breakthrough in leading militia to achieve prosperity in the next few years, Comrade Shen Shanwen urged each and every people's armed forces department in Anhui to be responsible for helping one place become affluent and assign personnel to be stationed there on a long-term basis. He said: Some typical examples of becoming affluent should be established within three to five years. By the end of next year, at least 80 percent of township and town people's armed forces departments in Anhui should have established enterprises to sustain their militia operations; and efforts should be made so that the development of enterprises to sustain militia operations can be even faster than in former revolutionary areas and poverty-stricken areas.

Tibet Military Commander Discusses Market Economy

OW1711134792 Lhasa Tibet Television Network in Mandarin 1200 GMT 12 Nov 92

[From the "Tibet News" program]

[Text] On the morning of 11 November, Zhou Wenbi, commander of the Tibet Military District, discussed the issue of building a socialist market economy at a meeting of Lhasa-based cadres at or above the regimental level from the military district's headquarters, political, and logistics organizations. The meeting was held to review the transmission of the 14th national party congress guidelines.

Zhou Wenbi said: The theory of building socialism with Chinese characteristics has undergone a gradual process of formation and expansion during a historical period in which peace and development are the main concerns. Its

formation and expansion in our country have undergone the practical process of reform, openness, and socialist modernization. We have formulated and expanded this theory by reviewing and drawing upon the successes or failures of our country and other nations in implementing socialism. The theory serves to maintain and enrich Mao Zedong Thought.

At the meeting, Commander Zhou broadened the participants' mental outlooks by explaining to them in simple terms on the process of economic development, the institution of a planned economy, and the advantages and disadvantages of the planned and market economies.

In conclusion, Commander Zhou Wenbi urged the participants to consider the realities of army building, reform, and openness during their in-depth study of the congress guidelines. He also asked them to arm cadres and fighters with the theory of building socialism with Chinese characteristics, and with a sense of responsibility and mission in providing strong and effective protection to the program of reform, openness, and economic construction.

Economic & Agricultural

Statistics Bureau Reports Rapid Economic Growth *OW1811072492 Beijing XINHUA in English 0702 GMT 18 Nov 92*

[Text] Beijing, November 18 (XINHUA)—Reports from the State Statistics Bureau show that China's national economy had kept on developing rapidly in last October, which indicates that the country will keep a high economic growth rate this year.

With economic efficiency improved, China's industrial output in October this year was 22.4 percent more than the same period last year, and the increasing rate was 3.1 percentage points more than the average of the previous nine months.

In the first ten months this year, the country saw a 19.7 percent growth in industrial production compared with the same period last year and 94 percent of the products had been sold out.

During the first ten months of this year, the state enterprises realized 137.2 billion yuan (25 billion U.S. dollars) of taxes and profits, 19.1 percent up over the same period of last year.

By the end of last October, the proportion of state enterprises operated at a loss had been reduced to 30.8 percent, 0.5 percentage points lower compared with the previous month, and the funds occupied by products was 134.4 billion yuan, some 1.1 billion yuan less than the previous month.

Meanwhile, sales on national markets increased uniformly. The total retail sales in the first ten months this

year added up to 880.4 billion yuan, 14.6 percent more than the same period last year.

The country's retail sales in last October reached 94.3 billion yuan, 16.5 percent more than the same period last year, including 83.6 billion yuan of retail sales of consumer goods, which was 18.1 percent up over the same period last year.

In that month the retail sales volume in rural areas was 13.3 percent more than the previous October. However, the increasing rate is lower than that in the urban areas, which was 22.1 percent.

The sales volume on the country's productive material markets was 52.4 percent more than the previous October, but the supplies of some of the productive materials were short and the prices of these products experienced a sharp increase.

At the same time, China's import and export volume rose to 14.8 billion U.S. dollars, 28.7 percent more than the previous October with the export volume, 7.69 billion U.S. dollars, increasing by 23.3 percent and the import volume by 35 percent.

The total import and export volume in the first ten months was 124.8 billion U.S. dollars, a 19.7 percent increase over the same period last year, with the export volume, 65.1 billion U.S. dollars, rising by 17 percent and the import volume by 22.9 percent.

The investment in fixed assets also increased rapidly. Last October, the government departments and state enterprises invested 45.8 billion yuan in fixed assets, some 43 percent up over the same period last year.

In the first ten months of this year, the country realized a total investment of 287.2 billion yuan, 37 percent more than the same period last year.

The increase rate of investment spent on renewal projects, 41.7 percent, continued to be higher than that for capital construction, which is 32.7 percent.

Affected by the hot real estate business, the investment in houses for sale continued rising sharply with an increasing rate of 82.8 percent.

Along with the speeding up of construction of the country's major projects, the irrational investment structure has been readjusted and more investment has been put in the production of energy and raw materials and transportation.

Analysis from the State Statistics Bureau attributes the rapid industrial growth to the increase of the sales of light industrial products and the increased output of non-state-run enterprises.

While the production of heavy industry kept on increasing at a high speed, the production of light industry last October increased by 21.1 percent over the previous month, which was the highest in the first ten

months this year and was just 2.4 percentage points lower than that of the heavy industry.

Last October, the production of non-state-run enterprises increased by 36-54.1 percent while the state enterprises by 12.3 percent. Some 96 percent of the industrial products had been sold out, 0.67 percentage points up over the previous month.

The analysis also points out that the increase rate of prices in urban areas has kept rising.

In the first ten months, the living cost in 35 major cities in the country rose by 10.6 percent compared with the same period last year. Nevertheless, experts say that the increase rate of the prices of retail products this year are expected to be no more than six percent.

The report also noted that the shortage of resources, a higher market demand and a relatively high rate of inflation in urban areas stemming from the fast economic growth cannot be neglected.

Actively making the existing economic system and operation mechanism meet the needs of a market economy is a must in the following stage. A more reasonable competition with the help of market regulation is also needed.

'Fast Track' Growth Sparks 'Stronger' Inflation

HK1811030292 Beijing CHINA DAILY in English 18 Nov 92 p 2

[By staff reporter: "Economy Stats Show Fast Growth"]

[Text] China's economic development continued to move on the fast track in October, posing a threat to the tightening supply of resources, the swelling demand of money on the market and the growing inflation in cities, the State Statistical Bureau said yesterday.

From January to October, the industrial production of enterprises at and above the township level was up 19.7 percent over the same period last year, while more than 94 percent of these firms' products had been sold on the markets.

But bureau economists said the real value of these enterprises' products is being eroded by inflation, which is becoming stronger in China.

The prices Chinese urban residents paid for goods and services rose 10.6 percent in the country's 35 major cities during the first 10 months of this year from the same period last year, a signal that the economy is still too weak to sustain price increases.

The inflation rate is expected to be under 6 percent this year, as the government plans to further fight the unfavourable factors in the nation's economic performances.

The bureau warned that its macro-monitoring model showed the current national economy is in danger of

becoming overheated. However, economists generally believed that current growth was still within the acceptable limit.

The bureau's economists said that the government's macro-regulation and control departments should use fine-tuned measures to sustain a balance between supply and demand and make great efforts to increase incomes and cut down expenses.

Thanks to activities aimed at promoting sales, the retail sales of commodities were 94.3 billion yuan (\$16.8 billion) in October, up 16.5 percent over the same month a year ago.

Of this figure, retail sales of consumer goods are 83.6 billion yuan (\$14.9 billion), up 18.1 percent.

In October, influenced by the State's gradual implementation of the price system adjustment, the cost of living of residents in 35 large and medium-sized cities was up 0.7 percent over the previous month.

From January to October, accomplished investment in fixed assets by State-owned units amounted to 287.2 billion yuan (\$51.3 billion), up 37 percent over the same period last year.

The total investment in fixed assets by State-owned units was 45.8 billion yuan (\$8.2 billion) in October alone, up 43 percent over the same months last year.

Along with the acceleration of construction on key State projects, the nation's investment structure was further rationalized, the bureau said.

The bureau added that the proportion of the investment in energy, raw materials and transportation increased. However, the number of recently-started projects was considered excessive.

Meanwhile, the economic efficiency of enterprises continued to improve, as China's 14th National Party Congress issued a mandate to the nation's economy improvement drive.

The profits and taxes made by State-owned industrial enterprises under the State budget continued to grow and reached 137.2 billion yuan (\$24.5 billion) during the first 10 months, up 19.1 percent over the same period a year ago.

By the end of October, 30.8 percent of these State firms reported operative deficits, down 0.5 per percentage points from the previous month.

By October, the inventory of the finished products by State firms was 134.4 billion yuan (\$24 billion), a drop of 1.1 billion yuan (\$196 million) from the end of last month.

Caution Urged in Support for Development

HK1711060192 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 45, 9 Nov 92 p 2

["Letter From Beijing" by Bao Xin (7637 0207): "CPC Leaders Are Sober-Minded About China's Economic Situation"]

[Text] My Brother:

From the time Deng Xiaoping made his remarks during his southern tour earlier in the year to the close of the 14th CPC National Congress not long ago, waves of "enthusiasm" have risen one after another in mainland China. In the first half of the year, people were enthusiastic about product quality, discussing the Three Gorges Project, and buying shares. Since the second half of the year, there has been additional enthusiasm for going into business, developing tertiary industry, seeking foreign investment, constructing development areas....

I think that such enthusiasm for reform and development among governments at all levels and people everywhere has been rare in recent years, and it should be properly protected. What does protection mean? The most important is proper guidance so that real effects can be obtained and the common people can really profit.

For instance, in the past, Guangzhou's Import and Export Trade Fair, was the "only one of its kind." Since the beginning of this year, trade fairs have been held in Guangzhou, Shanghai, and Harbin; the Economic and Trade Fair and the International Economic and Technological Cooperation Trade Fair have been held in Urumqi; and a trade fair was also held in Kunming.... This kind of enthusiasm for foreign trade is good. To build a socialist market economic structure, it is necessary to let goods flow freely. In fact, foreign trade fairs are an important way for China to open its doors wider and head toward the world.

However, there is also another enthusiasm. In a city in eastern China, numerous counties and townships intend to construct development areas. Leaders of some counties want to build multistory buildings in beach areas. Some counties say they should construct 10,000-mu development areas now that they see that other counties have built 1,000-mu development areas. Some counties say they want to beat such-and-such county in terms of foreign investment attracted and strive to be number one across the province. However, they do not take into careful consideration their objective conditions, such as economic capacity, geographic location, transportation, and communications. They have not even carefully studied whether they can immediately attract foreign investment once construction of their development areas, for which huge amounts of money are to be spent, has been finished. In fact, this kind of unrealistic "enthusiasm" must never be encouraged or promoted.

China is a vast country. It is also a poor developing country. Precisely because of this, it is necessary to quicken China's socialist construction vigorously and rapidly. On the other hand, it is necessary to consider our own national conditions, be realistic, and proceed in a steady manner.

In my opinion, the disasters of the Great Leap Forward of 1956 were caused by excess enthusiasm in our heads. Disasters like the Great Leap Forward will never reoccur in Mainland China today. The reason is that senior CPC leaders are sober-minded about China's current economic situation.

It seems necessary now to carefully taste again the important points of Deng Xiaoping's remarks during his southern tour in January and February. Chinese and foreign news media have concentrated on reporting the following remarks by Deng Xiaoping: "Do not place obstacles to those who can develop. Where one has the conditions, it should be developed as quickly as possible." "Low speed is equivalent to a halt or even retrogression." And, "For China's economic development, it is necessary to upgrade the economy at intervals of several years."

However, while mainly stressing the need to bravely emancipate the mind, develop vigorously and rapidly, and never lose opportunities, Deng Xiaoping also reminded people of other problems. He said that development should be as quick as possible, but it is necessary to "stress returns and quality." An unrealistically high speed must not be encouraged. Development must proceed in a down-to-earth manner, in light of returns, and in a steady and coordinated manner. We can see from this that Deng Xiaoping's overall design for China's economic development is comprehensive and carefully thought out.

Recently, some major leaders of the CPC Central Committee and State Council have also reminded people of the following questions:

- There must be overall consideration for real estate development. Are that many apartments and houses really marketable? Is there a market? It is necessary to have a long-term consideration. Do not start to do something so readily when many others are doing it.
- The number of deluxe hotels exceeds objective demand at present. We have already made a loss. At a time when fewer hotels are being built, people have now turned to building office buildings and deluxe villas. Will we have that many buyers? Are there so many expatriates living in China? It is necessary to draw lessons from the indiscriminate building of deluxe hotels some time ago.
- The enthusiasm emanating from the masses since Comrade Xiaoping made his remarks has been rare for many years. It is necessary to both protect and guide this enthusiasm from the masses. We must not start

doing everything at the same time nor let everything start so quickly. It is necessary to proceed from reality.

- The current situation is very good. It is good that everyone wants to go forward and boost the economy. However, it is necessary to have an idea of how things stand. We need to be very careful in planning the use of money.

I think that the above remarks by senior CPC leaders are all brilliant. In implementing the spirit of the 14th CPC National Congress, the most important point still lies in the old saying: Emancipate the mind, and seek truth from facts.

[Signed] Bao Xin

[Dated] 2 November 1992

Article Views Economic Cycle, Future Prospects

HK1611130992 Beijing ZHONGGUO JINGJI TIZHI
GAIGE in Chinese No 10, 23 Oct 92

[Article by Bu Deying (2975 1795 6601) and Zhu Jun (2612 6511) from the State Information Center Economic Information Department: "A Policy Decision Before the Cycle Peaks"]

[Text] An Assessment of Current Economic Movement

Based on the macroeconomic economic monitoring system's assessment of the entire nation's industrial production and market trends and the results of a study on the current economic development which used the prosperity analysis method [jing qi fen xi fa 2529 3049 0433 2649 3127], we believe that—although there is a tendency to tighten in the current economic movement—the supply of major materials still can basically satisfy the needs, and there are still satisfactory resource supply conditions, when looked at from a macroeconomic point of view. At present, general economic growth is still balanced. Structurally speaking, heavy industrial production still falls short of supply, and the quantity of in-stock merchandise is falling. The production of light industrial products is still higher than demand, however, and the quantity of in-stock light industrial products is increasing. Thus, for the industrial structure as a whole, moving from the past practice of producing more light industrial products to the production of more heavy industrial products will be conducive to a readjustment of the internal structure of industry and a harmonization of price relations. Judging from the industrial structure, the state has begun to vigorously develop tertiary industry. This is conducive not only to improving the production environment, living conditions, and investment climate but also to reducing the restrictions on economic development by energy, raw materials, and other materials in short supply. After making a comparison of various economic fluctuations since the beginning of reform and opening up, we can see that the current economic expansion is the most steady one and has been continuing for the longest time. The main reason for this

is that the timing of various reform measures since the beginning of this year has been comparatively well chosen, enabling reform and development to complement one another.

An Analysis of the Future Trend of Economic Fluctuations

It has been predicted that the national economy will still be expanding in the last half of this year. At the end of this year or the beginning of next year, however, the economic growth rate may reach the crest of the current cycle. Judging from recent economic fluctuations, the period of contraction has always been shorter than that of expansion. The latest economic contraction started in August 1988 and ended in December 1989, lasting 17 months. That was a longer contraction and spent approximately six months at the bottom of the cycle. An upturn began in June 1990; it has already lasted 24 months now. The lengths of the three economic fluctuations since the beginning of reform and opening up were respectively 25, 40, and 44 months; and the lengths of economic expansions were respectively 14, 27, and 28 months. There is obviously a trend of gradual extension of these periods. Therefore, it is expected that the current economic expansion will last about 30 months. In other words, the expansion may possibly peak sometime around the end of 1992. According to changes in the leading compound economic index, the current economic growth may peak sooner than expected. In previous cycles, the average time difference between the leading compound index and the consistent compound index was 9.2 months. But, in the current cycle, the leading compound index began to fall from January 1991, which had lasted 15 months by the end of the first quarter of this year. This trend was not changed even under the high economic growth during the first quarter of this year. This shows that this cycle's growth period has come to its final stage. According to the law of history, in the later period of economic expansion, a relatively strong trend of expansion will appear, and the economic growth rate will gradually reach its peak.

This conclusion was drawn using the prosperity analysis method. We can also prove it by analyzing various economic factors. First, judging from the supply and demand of major materials, a general balance has basically been maintained in the current stage, and prices are going up slowly. The material supply departments' reserve of steel products is continuously dropping, however, and the days remaining for the circulation of such products have dropped to the lowest in history. On the other hand, prices are increasing rapidly. In the wake of the continuous economic expansion, the "bottleneck" problem of material supply may become more prominent during the last half of this year. Generally speaking, as a result of the short supply of capital goods, the demand for and production of capital goods will be stimulated and will increase. But, as the growth of demand usually outpaces increases in production, the contradictions between supply and demand will continue to deteriorate, which will finally restrict economic

development as a whole. Second, judging from the market, consumption demand will increase by a large margin compared with 1991. From an analysis of the fluctuation of the total volume of retail sales, we can see that—with further improvement of the entire economy—the market will be expanding this year, and the price index will also be much higher than that of last year.

Reform of the housing system, reform of the pension and insurance system, and the experiment on the shareholding system have played a diversionary role [fen liu zuo yong 0433 3177 0155 3938] on the investment orientation of consumption funds, which enables consumption to grow steadily and which is conducive to the stabilization of commodity prices. They may also play a relatively strong role of restriction on the production of mechanical, electrical, light industrial, and textile products—which is already too large and is still expanding. As a result, not only the production of these products but also investment in these sectors will be restricted, which will further affect the development of heavy industry and will slow down the pace of economic growth. Third, because of the following reasons, investment in fixed assets will continue to increase at a relatively high speed: 1) Bank loans on fixed assets are growing faster; 2) Investment funds collected by enterprises have increased as a result of the rapid development of industrial production; 3) The depreciation rates of some enterprises have increased, and more sources of investment funds for technological transformation have been found; 4) The number of bonds and shares issued by the state, localities, and enterprises has increased by a large margin, bringing a large amount of social funds to the investment field; 5) Foreign investment has greatly increased; 6) As a result of housing system reform, funds for house construction have increased, and the pace of construction has been accelerated; and, 7) The power of examination and approval of application for investment has been delegated to the lower levels, and the procedures have been simplified. According to the State Statistical Bureau, in the newly increased investment of this year, the scale of investment in the production of products in excessive supply and in reconstruction projects has continued to expand, and there has been a serious trend of miniaturization. Although this investment structure may exert a greater driving force on the economy, it may also possibly bring about a new round of overproduction and slide of economic returns, which would require another structural readjustment. It may also lead to another economic contraction.

Proposals for Current Macroeconomic Management

—To properly control the excessive growth of the economy and accelerate the pace of reform and the transformation of the operational mechanism.

The situation of production and the market was basically normal last year. The situation of the first half of this year shows that both industrial production and market

demand have reached their limit of growth, and "bottleneck" restrictions have been increasing. Under such circumstances, it would be wrong to continue to expand demand and stimulate production. Instead, efforts should be made to maintain the steadiness of economic development and accelerate the pace of structural readjustment and reform of the enterprises' operational mechanism so that a good foundation can be laid for the sustained, steady, and harmonious development of the economy.

—To appropriately control the scale of credit and prevent inflation.

At present, the total amount of credit is still too much. Over the past two years, credit was expanding faster than economic growth. The credit planned for 1992 is also comparatively higher. But, in actual development during the first half of this year, it even exceeded the planned figure. In addition, as capital circulation has been sped up, demand will expand. This will make this year's price control tasks more difficult. Although the diversion of consumption funds and the bumper harvest in agricultural production have reduced the pressure, once prices have gone up—as the consumers expect they will—there can easily be a vicious cycle of inflation. Therefore, the key to ensuring that this year's economic growth will not lead to a new dislocation in the macroeconomic structure and that prices will not be out of control lies in successful control of the credit scale and investment orientation.

—To strictly control the new capital construction projects which are not in line with the state's industrial policy.

Economic growth since last year has an evident characteristic of stimulating investment, and this characteristic will be preserved in the upcoming period. As far as we have learned, at present, various localities are highly enthusiastic about expanding investment and increasing the number of construction projects. A new round of investment expansion will appear very soon. For this reason, the regulation and control over investment has become an important task for macroeconomic regulation and control in the current stage. It is necessary to make great efforts to rationally control the scale, orientation, and structure of investment. It is necessary to continue to put structural readjustment in the first place, further increase the proportion of communications, transport, post and telecommunications, and energy projects as well as tertiary industry in construction. We must also further improve the production environment, living conditions, and investment climate so that better conditions can be created for a sustained, rapid, and harmonious economic development. The general scope of the state's planned investment is too small this year. It should be appropriately expanded. At present, however, investment has increased excessively and should be properly controlled. An effective measure for controlling investment is to control credit loans and weaken the administrative interference in the business of banks.

—The formulation and implementation of economic policies should be closely linked with analysis of the economic fluctuation.

In the current stage, the macroeconomic regulation and control policies should be appropriately tightened. Price structure should be readjusted in the stage of economic shrinking or the initial period of economic upturn, during which the macroeconomic regulation and control policies should be relatively relaxed. But reform of the enterprises' internal mechanism should be carried out when enterprises have sufficient financial resources or during the period of economic growth. In this period, macroeconomic regulation and control policies should be appropriately tightened.

Balance in Economic Equality, Efficiency Urged

OW1611141492 Shanghai WEN HUI BAO in Chinese
5 Nov 92 p 1

[Article by Dong Fureng, vice chairman of the Financial and Economic Committee of the National People's Congress Standing Committee: "The Socialist Market Economy and the Appropriate Combination of Equality and Efficiency"]

[Text] When implementing the socialist market economy, we must find the appropriate combination of equality and efficiency.

An internal mechanism of competition enables a market economy to operate effectively. Competition enables strong contenders to claim victory while it eliminates weak ones. This improves efficiency and optimizes the distribution of natural resources. This system is driven by the people's desire for greater gains. Therefore, differences in the people's incomes must be permitted. Without such differences, there will be no competition, no effective market operation, no optimization in the distribution of natural resources, and no improvement in efficiency. Nevertheless, market competition widens property and income gaps by allowing strong contenders triumph over others and by eliminating weak ones. While we are implementing a system of socialist market economy, socialism requires an equitable distribution of income and the sharing of prosperity. Therefore, the very difficult issue of equality and efficiency in the socialist market economy must be appropriately resolved.

Naturally, we should properly explore ways of resolving this difficult issue. In my opinion, we should consider the following points if we hope to do so effectively:

1. Efficiency should not be sacrificed to achieve equitable distribution. We must give priority to efforts conducive to the improvement of efficiency because equitable distribution can only be attained when we improve efficiency. Market-economy countries in the West, which have implemented some socialist policies, have learned similar lessons. These countries weakened their competitive edge, sacrificed efficiency, and caught the

"British disease" and the "Swedish disease" by implementing extensive, in-depth "from-cradle-to-grave" welfare measures. We should view what happened to these countries as a warning as we develop the socialist market economy. From what we have learned, egalitarian distribution which allows too few differences will impede efforts to improve efficiency and encourage loafers. Such distribution is actually highly unfair.

2. We will have to go through a rather lengthy process to attain equitable distribution, and we can only achieve this goal if we improve efficiency and develop the economy gradually. At a certain stage after we have negated egalitarian distribution, after we have abandoned the economic system of mandatory planning, after we have implemented the market economy system, and when the undeveloped economy becomes developed, then we can expect the inevitable widening, or rather, a relatively large degree of widening, of income gaps. This can be regarded as the price we have to pay for economic development. Differences in the people's incomes will only be reduced gradually when the economy is developed. Research by U.S. economist Simon Kuznets unveiled the bell curve of changes in income gaps. Comrade Deng Xiaoping's proposal—that of letting some regions and some people become rich first to attain common prosperity—agrees with this pattern of changes in income gaps.

3. This does not mean that we can overlook the problem of equitable income distribution at a certain stage after we have implemented the socialist market economy and when our undeveloped economy becomes developed; the widening of income gaps can also be caused by unjustified and abnormal factors. At this stage, the main issues we must deal with in terms of equitable distribution are those concerning efforts to guarantee the people their basic needs and efforts to improve gradually the people's standard of living during the process of economic development. People will be able to accept widening income gaps if we bear these issues in mind. Comrade Deng Xiaoping has suggested that the first step is to clothe and feed the people and the second is to let the people lead a comfortable life. These are exactly the goals we have to achieve at this stage in terms of equitable distribution. The construction and development of various social security systems during the construction of the socialist market economy system are also the necessary prerequisites for attaining equitable distribution. These social security systems should only be developed along with the development of the economy so that they will be conducive to equitable distribution and improved efficiency.

A socialist market economy provides room for the appropriate combination of equality and efficiency. In addition to using governmental regulatory means (such as taxation), we can use state-owned organizations—the foundation of the socialist market economy—which are guided by public ownership as the chief guarantees and means for our efforts to appropriately combine equality and efficiency. It can be said that the socialist market

economy is an economic system that can appropriately combine equality and efficiency.

Official Discusses Adapting Taxation to Reform

HK1611151192 Beijing LIAOWANG in Chinese No 38,
21 Sep 92 pp 6-8

[Report on an interview by Liao Ping (1675 1627) with Jin Xin, director of the State Taxation Administration: "State Administration of Taxation Director Jin Xin on How To Adapt Taxation to the New Situation of Reform"]

[Text] [Liao] At present, a series of new things have emerged in economic work. The expansion of pilot joint-stock enterprises has promoted the growth and formation of securities markets for stocks, bonds, and so on. The transformation of the operational mechanism in state industrial enterprises has been accelerated, and enterprises' decisionmaking powers have been further enlarged. The energetic township and town enterprises are moving forward from coastal areas to the hinterland and from the mainland to overseas locations. Following the expedited development of enterprise groups, transregional, multi-trade, transsectoral, and even multinational operations have come into being. New economic development zones, new high-tech industrial development zones, and bonded areas have sprung up like mushrooms. Various reforms, such as the leasing of land use rights, land use with compensation, and development of real estate, among others, are being carried out one after another. All these things have posed a series of new subjects for the taxation work in China. Would you please talk about how the taxation work will be adapted to the new situation of reform?

[Jin] As taxation is a principal source of state revenue and an important means of macroeconomic regulation and control, we have adopted or will adopt the following measures to enable taxation to suit the new situation of reform, opening up, and economic construction in the 1990's:

We are determined to: 1) adjust and incorporate some tax categories, and quicken the pace of reforms on turnover tax [liu zhuan shui 3177 6567 4451], enterprise income tax, and personal income tax to suit the needs of the present social economic development; 2) adjust some tax items and rates in a bid to make tax burdens fair, promote equal competition, and straighten out distribution relationships; 3) expedite the legislation process of tax collection and management, and further standardize the conduct of both tax collectors and payers by law; 4) improve tax collection and management methods, vigorously practice an open tax structure, simplify work procedures, and enhance handling efficiency; 5) in order to suit the development of the commodity economy and the profound changes in the circulation field, stop levying taxes on bulk sales and establish a new appropriate mechanism on controlling and managing taxes in the private sector; 6) in view of the changes in the

objective circumstances, properly adjust the check points of taxation and—except for some specific cases—totally abolish those set up in a later period; 7) improve the management of import and export tax refunds so as to protect the legitimate operation of foreign trade enterprises; 8) adjust some limits of authority for tax management to grant certain decisionmaking power to localities; and 9) conduct activities of promoting production and increasing revenue to revitalize enterprises.

[Liao] As far as we know, in the process of accelerating reform and opening up, some new ideas, demands, and proposals have been put forward in some areas. What attitude will the tax departments adopt toward these developments?

[Jin] We think this is very normal, as certain aspects of the existing tax system are really out of keeping with the requirements of the current new situation of reform and opening up, which have yet to be further improved. However, it should be pointed out that some symptoms have cropped up in the present taxation work, and these merit our attention. For example, some individual localities have instituted their own rules and regulations and have randomly promulgated some measures of tax reduction and remission which run counter to the central authorities' unified policies. Let us take another example: Proceeding from the good intentions of developing production and importing foreign investment, some localities have deviated from the unified tax laws and have casually worked out some still more particularly preferential tax policies for domestic and foreign enterprises. By so doing, they will probably bring about some results in a certain place and at a certain period of time. But, judging from the entire country's situation with a long-term point of view, these policies will certainly lead to unfair competition among enterprises, and those which live off the preferential policies will lose their ability to participate in market competition as time goes by. This is detrimental to the transformation of the enterprise operational mechanism. The protection of local products on the strength of tax barriers is also detrimental to establishing a unified market and a market mechanism. Moreover, the arbitrary action of granting preferential treatment to foreign investors is more liable to make foreign investors doubt the seriousness of our policies. In short, they will do harm to the overall situation of economic development. For this reason, we think it necessary to reiterate the following views on how to appropriately handle the principal issues regarding taxation in both understanding and policies:

First, it is necessary to continuously push forward taxation administration in accordance with the law in reform and opening up. An overall survey of various countries in the world shows that the more developed a country's market economy, the more rigid its tax regulations and structure must be. This is the objective demand of economic development—a unity between the application of laws in taxation and reform and opening up. Only by stressing and persisting in administering taxation in

accordance with the law can we achieve macroeconomic control and microeconomic invigoration.

Second, we will stick to the principle of unified tax laws. By unified tax laws, we mean that, in a sovereign country, the basic statutes and policies on taxation should be unified, and the unity of tax laws must be safeguarded in the practice of economic development. Only by enforcing unified tax laws can we distribute fair tax burdens and promote equal competition.

Third, we should correctly handle centralization and decentralization of power in tax management. With regard to the limits of authority in tax management, our general principle is: According to specific circumstances, some will be centralized and strictly controlled, and others will be decentralized and relaxed. We assume that after completing the institution of the revenue-sharing system, the management power for that part of tax categories put under the fixed local revenue may mostly be delegated to localities. At the same time, we should positively study and improve the existing power to examine and approve tax reduction and remission.

Fourth, the turnover tax cannot be contracted. There are three reasons for this: 1) As the turnover tax is China's principal tax category and a major financial pillar, the state must live off the turnover tax. If this tax is rigidly contracted, the consequences for state finances are self-evident. 2) As the turnover tax is the most essential, important, and direct tax lever for regulating the economy, the state can implement its industrial policies and regulate the entire course as well as every link of production, distribution, circulation, and consumption of social reproduction through installation of the turnover tax, design of tax rates, and formulation of preferential policies. Hence, participating in the distribution and redistribution of social products is the embodiment of the state's reliance on its power. Once the turnover tax is rigidly contracted, its economic regulatory function will vanish into nothing. 3) Theoretically, the turnover tax is an indirect tax, which is a component part of a price. It is, in essence, not a burden of an enterprise, but is ultimately borne by consumers. Actually, contracting the turnover tax means that part of the tax paid by consumers to the state is rigidly contracted by enterprises in the form of a contract.

[Liao] Since reform and opening up, China has carried out "taxation instead of profits delivered to the state"; has implemented the comprehensive reform of industrial and commercial taxes one after another in two steps; and has basically formed a tax system with multiple levels, links, and categories, which conforms to the national conditions and has displayed the tax functions even better. Under the situation of expediting reform and opening up, what problems still exist in this taxation-profit system?

[Jin] We should affirm that the existing tax system can better perform taxation functions, but it is still not perfect. To be specific, first of all, the tax structure is not

totally sensible. Some taxes are overlapping, others are not in tune with the present economic development, and there are still others which should have been set up earlier but have not been set up now. The coordination and application of the turnover tax are not sensible either, which is detrimental to fully exercising its role in organizing revenue and regulating the economy, and the conflicts of practicing two sets of tax systems for domestic- and foreign-invested enterprises are increasingly conspicuous. The enterprise income tax, which is set up according to different kinds of ownership, finds it difficult to suit the needs of market orientation, fair competition, and transformation of the operational mechanism in enterprises. Besides, the present condition of local taxes is detrimental to putting the revenue-sharing system into practice. Second, the system which requires payment of income tax as well as payment of tax before the delivery of profits to the state adds weight to the already heavy burdens of large and medium state enterprises so that they lack the capabilities of self-transformation and self-development. Moreover, there are problems in that the nominal tax rate is high, and the actual tax burden is low, so it is imperative to make appropriate adjustments on tax incidence. Third, in the tax management system, the limits of authority that should be centralized have not been effectively centralized, and those which should be delegated to the lower levels have not been done so courageously. This is detrimental to mobilizing the initiative of both the central and local authorities, and the matters of reducing or remitting taxes beyond limits of authority occurred again and again. The scale of the local tax is relatively small, which is detrimental to the transition from the financial and tax management system to the revenue-sharing system. Fourth, the range and degree of regulating and controlling taxes should be further adjusted to suit the needs of economic development and reform.

It is necessary to stress that reform has been carried out at an in-depth stage now, and some deep-seated contradictions in economic life can no longer be solved by the approach of delegating power to lower levels and letting them retain a proportion of profits. This calls for a faster pace of reform in the tax system and the establishment of a set of standardized mechanisms so as to exercise a greater role in the deep-seated contradictions.

[Liao] Reform of the tax system seems imperative, but what attracts people's attention is: Under what guiding ideology and principle will this reform be conducted? Would you please comment on this question?

[Jin] According to the deployment of the central authorities on expediting reform and opening up, and in light of the reality in taxation work, the guiding ideology for tax reform in the near term is: In line with the requirement of running large and medium state enterprises well, adjusting economic structure, and enhancing economic results—and on the basis of the existing compound tax structure—we should unify tax laws, centralize power related to taxation, distribute fair tax burdens, simplify the tax system, adjust tax rates, standardize distribution

modes, and rationalize distribution relationships, so as to give full play to the role of taxation in organizing revenue and fully exercise its function of macroeconomic regulation and control. This in turn will promote the transformation and perfection of economic and enterprises' operational mechanisms and will give impetus to the development of the social productive forces.

Based on this guiding ideology, tax reform must adhere to the following principles: 1) The transformation of enterprises' operational mechanism should be accelerated. The distribution relationships between the state and enterprises should be standardized by a unified income tax. Tax burdens of large and medium-sized enterprises should be properly adjusted. The practices of repayment of loans before payment of income tax and payment of income tax before collection of key construction funds and budget regulation funds in energy and communications industries should be abolished, and the present interlocking pattern in distribution should be gradually eliminated. 2) The principle of fair tax burdens should be pursued. We should create favorable external conditions for enterprises by unifying the income tax system and perfecting the turnover tax system so that tax burdens between various kinds of enterprises will tend to become equitable, thus bringing about the transformation of the enterprises' operational mechanism and an increase in their economic results. 3) The state policies on industry should be carried out. In setting up tax categories, fixing tax rates, and formulating tax policies, we should abide by the state policies on industry and, while coordinating with the adjustment of economic structure, should guide the rational disposition of resources and the proper flow of the factors of production. 4) The initiative of the central and local authorities in organizing revenue should be fully mobilized. Under the precondition of unifying tax laws and centralizing the power related to taxation, we should deliberately expand the scale of local tax revenue, institute a local tax system, and simultaneously delegate the appropriate tax management powers to localities in order to fully release the enthusiasm of both the central and local authorities and create conditions for practicing the "revenue-sharing system" in a comprehensive way. 5) Tax reform should be coordinated with other reforms. It should be linked with the overall process of economic structural reform and should be coordinated with reforms in the fields of finance, pricing, and enterprises for mutual promotion. It should be adapted to the requirements of other reforms and, through rationalization and standardization of the tax system, create conditions for other reforms, so as to prevent the phenomenon of impeding on another in economic reform. 6) The principle of overall planning and consideration should be adhered to. On the premise of standardizing the tax system, both the tolerance of financial departments and enterprises should be taken into consideration. Meanwhile, we should be bold in paying a certain price strategically in exchange for a sensible new mechanism.

Our consideration in conducting tax reform in this way is aimed at instituting a tax system with Chinese characteristics, which accords with the socialist planned commodity economy in China.

[Liao] There are some rumors about certain specific policies and measures regarding the tax system reform to be introduced in the near future. As many people are concerned about this, could you give us a unified explanation?

[Jin] Yes. After thorough consideration and study, we have defined that tax system reform should specifically contain the following elements:

—Reform of enterprises' income tax. We plan to institute a unified income tax system for enterprises with domestic capital as of 1 January 1993. The income tax rate for large and medium state enterprises originally set to be realized within three years will be reduced from 55 to 33 percent. We will strive to achieve this aim in one move. Simultaneously, we will practice in a unified way the proportional tax rate of 33 percent in enterprises with domestic capital, and standardize the before-tax deduction items and expenditure lists for enterprises' income tax so as to protect the tax base from being eroded. While practicing the new tax system, the old and new loans granted to enterprises should be, as a rule, repaid after income tax is paid. The other coordinated policies will also be adjusted on a relatively large scale. Moreover, we will positively study the feasibility of further integrating income tax for enterprises with both domestic and foreign capital.

—Reform of the turnover tax. We will change the pattern of three taxes—value-added tax, product tax, and business tax—existing simultaneously into a new turnover tax system under which there will be a double regulation of two taxes comprising value-added tax and product tax. At first, we will practice the value-added tax in the industrial production field and, later on, comprehensively practice it in all the links of wholesale and retail sectors for universal regulation, while the product tax will be practiced for specific regulation. We will unify the deduction scope of the value-added tax, incorporate levels of value-added tax rates, and simplify its calculation and collection methods. In light of the requirement of macroeconomic regulation and control and the condition of simplifying and incorporating value-added tax rates, we will study and define the collection range and calculation method of the product tax. In order to support the development of tertiary industry, we will properly adjust the tax items and rates of business tax and will narrow the difference between nominal tax rates and the actual tax burdens of the turnover tax. To suit the needs of opening to the outside world, we will properly adjust the tax items and rates of consolidated industrial and commercial taxes so as to get closer to the domestic product tax, value-added tax, and business tax. Furthermore, we will positively

study the feasibility of expediting a unified turnover tax for enterprises with both domestic and foreign capital.

—Reform of personal income tax. We will incorporate personal income tax, personal income regulatory tax, and income tax for urban and rural individual business sectors, and will institute a unified personal income tax system. The unified personal income tax laws will be applied, without exception, to all taxpayers regardless of their nationality. A method for deducting costs and expenses will be adopted for foreign personnel according to specific circumstances. In light of residents' economic development levels and income growth, the scope of personal income tax will be expanded in line with international customary practice. After the general provisions on the standards of cost deduction [fei yong kou chu 6316 3938 2099 7110], deduction of cost added [jia ji kou chu 0502 6060 2099 7110], and charges of cost plus [jia cheng zheng shou 0502 2052 1767 2392] have been formulated in the unified personal income tax laws, the State Council will make the appropriate adjustment according to price changes and will promulgate it to the entire society with considerations given to both the stability and adaptability of laws.

—Reform of other tax categories. We will expand the scope and items of resources tax, properly adjust the level of tax burdens, study and work out simple and convenient methods for calculation and collection; practice a unified property tax and vehicle and ship use tax; incorporate special consumption tax into product tax; merge the three existing bonus taxes and state-owned enterprise salary regulatory tax into enterprise and institutional unit salary regulatory tax; abolish fair trade tax and feast tax; reform municipal construction tax and make it an independent local tax category; earnestly attend to the feasibility study of social insurance tax; begin to levy estate duty in an appropriate time; and abolish the special tax on enterprises which use petroleum as their principal fuel and the incorporated enterprise and institutional unit salary regulatory tax at the appropriate time following the development of the situation.

[Liao] The practice of taxation should be guaranteed by the work of tax collection and control. In the course of expediting reform and opening up at this time, what corresponding reform on the work of tax collection and control will be conducted along with the reform of the tax system?

[Jin] The work of tax collection and control is a day-to-day duty of tax organs at different levels. We have also made some plans for this. First, we will pay close attention to various tasks for implementing the "Law of the People's Republic of China on the Collection and Control of Taxes" to lay down a solid foundation for tax collection and control work. Second, while deepening reform in the areas of collection and control, improving the collection and control mechanism, and solidifying

and perfecting the separate model and the system of declaring taxes in tax organs by taxpayers—which will be the focal point of this and the upcoming years—we will hold fast to the coordinated reforms which are suited to the new model of tax collection and control according to the set principle and objective for reform. We will repeatedly improve the means of collection and control so as to organically integrate the reform on tax collection and control with reform on accounting and application of electronic computers in a bid to achieve modernization of collection and control. Third, we will improve and intensify the management of invoices to close loopholes. This is the most fundamental work for maintaining commodity economic order and taxation order. We have drafted the "Procedures of the People's Republic of China on Invoice Management" and have submitted them to the State Council for approval and promulgation. Fourth, after stopping the collection of taxes on bulk sales and the adjustment of check points, we will continue to handle properly tax collection and control in the private sector. This is of vital importance to establishing a fair competition mechanism and mitigating the contradictions of unfair social distribution. Fifth, we will intensify foreign-involved tax collection and control and will vigorously push forward the work against tax evasion. In recent years, some foreign and foreign-invested enterprises adopted various means for shifting their profits, and the tax evasion is becoming increasingly serious. In order to safeguard the state's rights and interests and better promote opening to the outside world, we must formulate and perfect methods and measures to counter tax evasion. We must deliberately institute and amplify a set of statutes and means to oppose tax evasion, using international practices for reference and combining them with China's reality. Sixth, we must earnestly adhere to the interpretations of the "two highs" [liang gao 0357 7559], intensify the enforcement means of taxation, crack down on the actions of tax evasion and tax resistance, and protect tax personnel in their performance of official duties and their personal safety.

'Preferential Treatment' Competition Increasing

HK1611132792 Hong Kong ZHONGGUO TONGXUN
SHE in English 1303 GMT 16 Nov 92

[Text] Beijing, November 16 (HKCNA)—Professor Dai Yuanchen, a noted economist and researcher with the Institute of Economics under the Chinese Academy of Social Sciences, offered his personal views on the investment environment in an interview with this agency.

Professor Dai said that the investment environment had always been understood in a narrow sense and that during negotiations with foreign businessmen, the term was often only partially understood as meaning tax breaks or deductions, cheap labour force, utilization of land free of charge or at low cost in order to bring in foreign investors. Quite a number of people were convinced that so long as they were willing to suffer some losses in these fields, they could create a favourable

investment environment to lure foreign investment. Holding such a view, some places competed with one another in making concessions in the abovementioned sectors so as to attract investors.

Professor Dai said he was convinced that the investment environment was a vast system and that whether such an environment is very good or very bad should be judged from its overall functioning including the macro-environment such as geographic location of the investment site, distribution of resources, policies adopted there, and infrastructural facilities as well as the economic, social and market conditions.

So-called "preferential treatment" competition is now on the rise in various parts of China. Judging from its development, a trend of blindly attracting foreign capital has been created. Various provinces, cities, and counties are now devoting themselves to the exploitation of development zones while some provinces have even opened dozens of such zones. The build-up of such "hardware" as the construction of infrastructural facilities for the development zones necessitate the injection of capital and excessively large-scale or too numerous zones require a massive input of funds. Financial strength is therefore undermined, which in turn is disadvantageous to the creation of a sound investment environment.

Managerial Mechanism Transfer Rules Used

OW1611133592 Beijing XINHUA in English 1252
GMT 16 Nov 92

[Text] Beijing, November 16 (XINHUA)—To adapt more quickly to the market economy, China's state-owned commercial enterprises put into force today the new rules on enforcing the transfer of the managerial mechanism.

The rules, jointly issued by China's ministry of commerce and other administrative departments, stipulate that the state-owned commercial enterprises should be endowed with rights to conduct import and export on their own and enjoy the same rights as the state's foreign trade enterprises in getting the quotas of import and export as well as the permission cards, on the condition that they meet the standards set by the state.

According to the rules, these enterprises will have their own rights in setting the prices for their commodities and their service items which were agreed by the state. On no account should the administrative departments at various levels set limits on them by ways of gross profit rates, price limitation or other methods.

As for the enterprises which are in the red due to bad management and are hopeless in turning the situation, the state will make them pay off the debts by means of selling or mortgaging their assets. If the enterprises cannot pay off their debts by the time of expiration, they must declare bankruptcy according to the state's bankruptcy law.

On the present commercial reform, He Jihai, vice-minister of commerce, said that a large number of the state-owned commercial enterprises still lack vigor in their moves towards the market economy and their roles have not been brought into full play.

He said that it is the traditional system of planned economy which served the practice of distributing commodities that has shackled these enterprises.

The vice-minister called upon the state-owned commercial enterprises to take great efforts to conduct reform and be bold in blazing new trails to the market economy.

He said that the enforcement of the rules was aimed at further pushing the enterprises to the market and giving them more autonomy in management, thus making them become the main body of the market economy.

Firms Said Losing Millions in Commodity Scams

HK1611023992 Hong Kong SOUTH CHINA
MORNING POST in English 16 Nov 92 p 1

[By Alan Boyd and Linda Choy]

[Text] Mainland Chinese firms are being milked of millions of dollars by commodity traders through an elaborate network of blackmail and bribery.

Operating through underground subsidiaries in Shenzhen, dealers target poorly-paid senior managers in state enterprises using such lures as a high-class prostitution ring and illegal backdoor payments.

Four firms registered in Hong Kong are known to be canvassing funds for investment in commodity futures in Shenzhen—a violation of Chinese regulations prohibiting speculative trading.

Their activities are the latest indication that Chinese authorities are losing control of the illicit movement of funds out of the country, which itself points to a widening problem with commercial crime.

"Most of the investors are attracted because they have too much money and there are few investment opportunities," admitted a senior official at the People's Bank of China, which monitors the Shenzhen financial community.

"We are aware of the surge of illegal futures investment activities in Shenzhen."

Commodity traders have been operating in Guangdong province for some time, but fraud directed at state-run firms has only begun to surface recently.

In an unrelated case, four "illegal investment firms", which used school-children to sell forex, gold bullion and commodity futures, were shut down in Guangzhou earlier this year.

One of the companies was alleged to have had links with a Hong Kong group.

The Guangdong authorities also disclosed in September that police had identified more than 100 white-collar criminals known to be exploiting affluent Chinese in Shenzhen through fly-by-night investment and currency schemes.

An employee of a Hong Kong commodities firm active in Shenzhen said traders were playing on the inexperience of state employees and economic uncertainties in China.

"The first step to attract customers in China is by telling them that we are going to open our own futures market there, but because of some procedural problem, the plan is held up and 'let's invest in other countries' futures markets first," he said.

Some state funds are believed to have been diverted without authority to the Hong Kong securities market, with managers later being informed it has been lost during futures trading.

Financial regulators in Hong Kong are investigating the activities of at least one company, but are powerless to act unless local commodity regulations are breached.

The Shenzhen firms trade under different names from their Hong Kong parents and have no official links. They mostly use expatriate staff, especially Singaporeans, who work independently.

Chinese authorities are trying to improve liaison with Hong Kong on commercial crime, but are hampered by investigators' unfamiliarity with the problem.

"In many cases, even the public security people who are charged with investigations don't really know what the laws are, and what the specific provisions of laws are. They don't have that kind of legal training," said Hong Kong University lecturer Mr Don Lewis.

The Shanghai Metal Exchange will launch China's first regulated commodities market later this year, but in the meantime, illegal trading is expected to flourish.

A senior official with Shenzhen's Government Economic System Reform Committee said the problem was an unavoidable side-effect of China's open-door policy.

"The fact that Chinese people have become richer and there is a lack of investment opportunity here has given foreigners a chance to come and cheat," he said.

Shoppers Free To Choose in 'Retail Revolution'

HK1511043692 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 15-21 Nov 92 p 1

[Article by Zheng Jie: "Buyers Help Themselves During Retail Revolution"]

[Text] Every day, a retail revolution is being acted out by shoppers in Beijing and throughout China who by-pass rude or recalcitrant clerks to pick what they want from stores' shelves.

It may seem commonplace to Western shoppers—having direct access to shelves and desired goods—but it's still a new concept in China. It's known as "self-service shopping."

The new shopping style, in part, symbolizes a more open and convenient lifestyle in China and shows how the nation's shift to a market economy is influencing everyday changes.

But the new shopping style worries some officials: many of the workers now standing behind the counters may have to be laid off if self-service shopping becomes the norm across the country. It's just one of the wrenching economic changes that faces China as it shifts to a market economy.

Although Chen Zhongxin, a senior official in the Ministry of Commerce, did not give the exact number of China's new self-service stores, he said the partitions between customers and commodities are being torn down in big cities and open coastal areas around the nation.

In Shanghai, the largest city in China, there are more than 180 "self-service" shops—160 of which have sprung up in the past six months.

And in Guangzhou, 80 percent of the retail stores reportedly are now self-service.

Although self-service shops are rare in less developed areas, Chen believes the new sales style is an "unquestionable trend" changing the face of the country's retail sales industry.

Statistics from Shanghai show that customers enjoy a 30 to 40 percent wider selection of goods in self-service shops than they otherwise would.

And sales volume is reportedly 50 percent higher than in traditional stores.

"Once I have the chance to look at the goods closely, I find it difficult to resist the temptation," said a Beijinger wandering through open shelves handsomely arranged in geometric shapes.

Her experience is typical.

For most people, who often hesitated when it came to asking for help for fear of running into a bad-tempered sales clerk, the new style is welcome.

But according to Chen, Chinese retailers still have a long way to go to catch up with their counterparts in developed countries.

Many store owners are still hesitant to open their shelves, and the number of self-service stores remains quite small. To develop China's new self-service shops into the kinds of stores common in the West, Chen proposes:

- Reforming what he calls "obsolete managing concepts" by absorbing valuable overseas experience.
- Widening the spectrum of commodities available in self-service shopping environments from the current, limited choice—clothes and food—to a diverse range of consumer goods.
- Improving packaging technology and spreading the use of the code bar.

As one of the latest efforts, the State Council has given the green light to a Sino-Japanese joint department store in Shanghai, a breakthrough in the country's retail sales business long closed to foreign investment.

Soil Erosion Worsens Despite Government Efforts

HK1711041092 Beijing CHINA DAILY in English 17 Nov 92 p 3

[By staff reporter Liang Chao: "Erosion Gets Worse Despite Big Efforts"]

[Text] Soil erosion, a stubborn menace to the sustainable development of China's agriculture, is worsening despite extensive government efforts to control it. The country's total soil erosion areas have grown from more than 1.5 million square kilometres in the 1950s to about 1.8 million square kilometres, or 18 percent of China's total land, a survey released yesterday by the Ministry of Water Resources showed.

The survey also revealed that more than 1.8 million square kilometres of land were severely affected by wind erosion.

Over the past 40 years, China has controlled 530,000 square kilometres of eroded land, a senior ministry official said. The official pledged to continue these efforts during this winter's nationwide conservation drive.

While investing heavily in irrigation projects and getting people involved nationwide, the winter water conservation drive has been flourishing.

Farmers are starting to build irrigation works and other farm improvement projects to make the best use of their slack season, the coming winter months, Zhou Wenzhi, vice-minister of Water Resources, said.

The drive, initiated as early as this August in some areas, has peaked in most provinces in North and Northeast China, Zhou said.

Led by high-ranking local officials, thousands of government officials, employees from various institutions and soldiers also participated in the construction.

By the end of October, 40 million people have participated in the drive, moving 1 billion cubic metres of earth and stone, improving irrigation conditions on 100,000 hectares and controlling soil erosion on 2,900 square kilometres.

The construction campaign has made remarkable achievements in recent years, paving the way for successful harvests, the vice-minister said, adding that it would further accelerate development of the national economy.

Instead of simply relying on special State funds, this winter the policy of "those who benefit pay" has been adopted by more local governments to raise funds for engineering projects, Zhou said.

The policy has encouraged more local authorities to increase their own investment in irrigation works and issue local regulations to raise funds.

Meanwhile, some provinces have started using loans to compensate for the shortage of State funds. Over the past few years, Heilongjiang Province in Northeast China has provided loans totalling 230 million yuan (\$42 million) for building irrigation works.

During that same period, at least 50 million yuan (\$9 million) earmarked for irrigation facilities has been spent in Henan Province, one of China's major grain and cotton producers.

Jiangxi, Hunan, Fujian and Zhejiang provinces are rebuilding irrigation works destroyed by last year's floods, while provinces in northeastern China are devoting major efforts to building water drawing and storage projects for next year.

According to statistics released by the Ministry of Water Resources, the newly-built drinking water project is capable of supplying water to more than 1 million people and more than 400,000 domestic animals.

East Region

Jiangsu Cities Pioneer Market Economy

OW1811103792 Beijing XINHUA in English 1032
GMT 18 Nov 92

[Text] Nanjing, November 18 (XINHUA)—Suzhou, Wuxi and Changzhou cities in Jiangsu Province in east China are now pioneering the way to the market economy and breaking away from the past purely planned one.

Located in the Yangtze river delta, the three cities, which are known for their flourishing rural industry, cover an area of 17,500 sq km and have a population of over 13 million.

As an economically developed area in China, the cities have basically formed a new system combining market regulation in production and distribution of production materials, energy, funds and workforce.

Statistics show that the industrial production value under the state mandatory plan has fallen from about 60 percent in the 1970s to less than five percent now. That means that 95 percent of the industrial products are manufactured according to the needs of the market instead of by state plans.

At present, over 90 percent of investment in fixed assets and main industrial raw materials used by industrial enterprises in the cities are collected by firms themselves and directly bought from the market. All products of rural firms and over 70 percent of those of state enterprises in the three cities are sold directly to the market, not through government departments.

As China adopted a planned economy in the past, industrial enterprises, especially state-owned and collective ones, did every thing such as collecting funds, getting raw materials, and handling production and sales according to state plans.

In Suzhou, Wuxi and Changzhou, rural firms are taking the lead in developing the market economy.

The control of China's traditional planned economy had been mainly over state enterprises and was weak in rural industry.

As the birthplace of China's rural industry, the three cities are the most flourishing area for rural firms. According to the latest statistics, in the first nine months of this year rural industrial production value was over 120 billion yuan (about 24 billion U.S. dollars), one tenth of the total rural industrial production value of the country and 68.8 percent of the total in the three cities.

Wang Minsheng, secretary of Suzhou City Committee of the Chinese Communist Party, who is well-known for his strong support for rural industry, said that Suzhou's rural industry was in the embryonic stage in the 1960s, the development stage in the 1970s and the flourishing

stage in the 1980s, when China started to carry out the policy of combining the planned economy with market regulation and instituted the household contract responsibility system in rural areas. At the time, large numbers of surplus workers turned from farm production to industries and services. The rural firms took this opportunity to achieve rapid development.

Wang said that rural firms have to rely on the market to make production plans and seek raw materials and markets according to market regulation. The ups and downs of rural firms are linked to the income of employees.

The market economy has consistently injected vitality into rural industrial firms. They have adopt flexible management systems, under which everyone in a firm is responsible for profits or losses.

Meanwhile, since 1985 a large-scale reform of the production structure has been under way in state and collective enterprises in the three cities.

The Wuxi top making factory had suffered losses for a long time, and stopped production for 16 months. In 1991 the city government decided to put the factory under the leadership of a farmer-industrialist, Gao Jinggen, who was the head of a rural towel factory. Gao first reformed the employment and distribution systems and readjusted the production structure according to market demands. As a result, the factory has become one of the biggest profit-earners in the city.

The Wuxi county diesel engine plant, whose products have won state gold medals for quality, is another example. Since the county appointed Zhang Shixing, head of the County Rural Firms Administration Bureau, as the director of the factory, big changes have taken place there.

Zhang puts priority on setting up sales network in the country and then through market studies asks technicians to adjust product designs to meet the needs of the rural market. Last year its production of diesel engines increased to 140,000 from 54,000 in 1991. This year, it is expected that the output will exceed 240,000 and production value may exceed 300 million yuan (60 million U.S. dollars)—both record figures.

Since the beginning of this year the three cities have stepped up the process of improvement of the management mechanism of state enterprises. Governments at various levels have granted self-decision powers to enterprises in production. A contract system involving economic efficiency and distribution has been set up between government and firms.

At the same time, large production materials and industrial products markets have been organized in the three cities, which now have over 1,200 such markets. Last year the markets had a business turnover of over 15 billion yuan (about three billion U.S. dollars).

Statistics show that the gross domestic product of the three cities has maintained an average increase of 16.2 percent a year for the past 14 years, and their total industrial production value has surpassed that of Shanghai, the biggest industrial city in China. Eleven of the cities' 12 counties were among the 100 economically strongest counties in China in a national appraisal last year.

Some of the rich counties are now making plans to catch up economically with the "four small dragons of Asia"—South Korea, Singapore, Hong Kong and Taiwan.

Zhejiang Encourages Socialist Market Economy

OW1811112792 Hangzhou ZHEJIANG RIBAO in
Chinese 4 Nov 92 p 3

[Article by Shi Jinchuan (0670 2516 1557): "A Socialist Market Economy Is Necessary for Deepening Reform"]

[Text] The political report delivered at the 14th party national congress clearly stated that the objective of our country's economic reform is to build a socialist market economy. This is a major breakthrough in the theory of economic reform and in the explorations we made in practical situations. The breakthrough is made possible by the guidance given to CPC members by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. The establishment of the objective for economic reform will definitely produce an historical impact on future reform, opening up, and modernization efforts in our country.

First, our country's efforts to deepen economic reform will inevitably lead to a socialist market economy. This type of economy essentially reflects the need for reforming the economic system and helps define our objectives in this respect. Reform of the economic system enables the socialist system to improve itself; however, not all self-improvement measures can be regarded as reform. In the 14th party national congress report, Comrade Jiang Zemin pointed out that alterations and improvements on certain parts of the planned economic system cannot be considered as reform; therefore, reform is not a means of self-improvement in a general sense—it is a means to self-improvement in a revolutionary sense. In short, our country's economic reform is a means of self-improvement for the socialist system, and it is carried out through using transformation methods that thoroughly reform the old economic system and operating mechanisms that restrict the development of productive forces. Since reform is in essence a thorough transformation of the economic system and operating mechanism, and since the traditional planned economy and its operating mechanism are exactly the things that impede and restrict the development of social productive forces in the initial stage of socialism, then to further deepen reform, we should construct a socialist market economy and replace the traditional, rigid, and planned economy with a new system of socialist market economy.

Second, the construction of a socialist market economy is required if we wish to accelerate the construction of socialism with Chinese characteristics. It is common knowledge that countries and regions can only achieve economic growth by following either one of the two basic models for growth: The first model focuses on increasing the input volume of resources; it achieves growth by using "extensive economic management" or the "quantity-oriented" mechanism. The second model focuses on increasing efficiency in the distribution and use of resources by improving scientific and technological standards; it achieves growth by being "efficiency oriented." The economic reform conducted by our country for 14 years, since 1978, has promoted rapid national economic growth. The reform, which focused on rural areas, greatly liberated the two basic rural resources—labor forces and land resources. It has greatly boosted agricultural production, accelerated industrialization in rural areas, and tentatively established a market economy in rural areas; however, sluggish progress made in reforming the urban economy, which depends on modern industries, has compelled our country to continue using "extensive economic management" to achieve economic growth. To achieve rapid economic growth in the 1990's and to achieve the second-step strategic objective by the end of this century, we should not delay any more efforts to transform the mechanisms used by our country to achieve economic growth. We should switch from "extensive economic management" to an "efficiency-oriented" mechanism for growth and achieve rapid growth by reaping high economic returns. Construction of a socialist market economy is indispensable to creating an "efficiency-oriented" mechanism for economic growth.

Third, construction of a socialist market economy is essential to our efforts to further open up to the outside world and to our efforts to develop our country's export-oriented economy. In the process of modernization, every country must construct, according to the general pattern of modern social production, an economic system and economic operating mechanisms that suit its national condition. If our country wishes to further develop its export-oriented economy and make more and better utilization of foreign capital, resources, scientific and technological achievements, and advanced management experiences, it must then create an environment that enables it to develop its economic system according to its needs. By establishing a socialist market economy, we can promote an export-oriented economy, accelerate the pace of integrating our country's economy into the international economic system, and increase the competitive edge and influence of our country's economy in international markets.

Zhejiang Daily on Implementing Congress Guidelines**Economic Construction 'Central' Task**

OW1811091092 Hangzhou ZHEJIANG RIBAO in Chinese 5 Nov 92 p 1

[Commentator's article: "Persistently Take Economic Construction as the Central Task—Talk on Implementing the Guidelines of the 14th CPC National Congress"]

[Text] The most fundamental way to implement the 14th CPC National Congress guidelines is to uphold the party's basic line without any wavering and promote the socialist cause with Chinese characteristics in all fields.

The key to upholding the party's basic line without wavering is persistently taking economic construction as the central task. At present, the principal contradiction in China's society is the contradiction between people's increasing material and cultural needs and our backward productive forces. So economic construction must become the central task of our party and our government. We should consolidate the socialist system, give full play to its superiority, and constantly enhance its attractiveness and cohesion capability among the people. To do so, we should, in the final analysis, make great efforts to develop our productive forces and drastically boost our economic strength and overall national strength.

Economy is the foundation for developing all undertakings and for all social progress. He who has wealth speaks louder than others. For this reason, we should under no circumstances deviate from economic construction and should conscientiously make all our other work subordinate to and serve this central task, the only exception being when the country is facing a large-scale foreign invasion.

We have learned a bitter lesson of deviating from economic construction in the past. In last 14 years, we have never wavered over this central task, despite all sorts of incidents which happened at home and abroad. In the days to come, we should continue to do so persistently.

To take economic construction as the central task, we must seize the opportunity to accelerate economic development actively and effectively. After analyzing the international and domestic situations, Comrade Jiang Zemin put forward China's economic growth rate and some important economic targets for the 1990's in his report to the 14th party national congress. He has thus sketched prospects for development for the period up to the end of the century, and the prospects are very encouraging. Since this province is situated in the coastal open region, our economic growth rate should of course be higher than the nation's average. So we should further emancipate our minds and fully arouse and protect the initiative of all localities in economic development. At the same time, we should guide their initiative into

playing a good role. We should emphasize deepening reform, changing the operational mechanisms of enterprises, changing government functions, and gradually building a socialist market economy structure. We should make our economic development embark on a new road of higher growth rate and better economic efficiency. We should persistently take a realistic approach, consider local realities, make efforts, and do a faster job as much as we can. We should particularly strive to make a new breakthrough in relying on scientific and technological progress, opening up the province wider to the outside world, taking full advantage of local strong points, and energetically opening up international markets and using foreign resources so as to enhance economic efficiency and accelerate economic development.

In taking economic construction as the central task, we must have courage explore and blaze new trails. We must accelerate the pace of reform, and neither our minds nor our actions should be obstructed by abstract disputes over whether a thing is "socialist" or "capitalist." What objective and formula we should set for reforming the economic structure is an important question which concerns the entire socialist modernization. The crux of the question is how to understand and handle correctly the relationship between planning and market force. Reform over the last decade and more proves that economic vitality will be greater, and the trend of development will be better wherever the market force fully plays its role. We must continue to enhance the market force's role if we are to optimize Zhejiang's economic structure, improve economic efficiency, accelerate economic development, and participate in international competition. At present, our work should stress deepening reform, changing the operational mechanisms of enterprises, changing government functions, and gradually building a socialist market economy structure so as to further liberate and develop productive forces. Reform should rely on bold experiments and exploration. What is correct should continue, and what is wrong should be corrected. Only by further emancipating the mind can we free people from ideological fetters and accelerate reform and opening up.

In taking economic construction as the central task, we must accelerate and widen the opening up. The development of modern, socialized production has broken the boundaries of regions, nationalities, and countries and created a more and more comprehensive international market. In economic activities, no country can isolate itself from the rest of the world. Facts fully prove that opening up to the outside world is an indispensable, important condition for China's reform and economic development. We should work in accordance with the 14th party national congress guidelines, open more regions to the outside world, and create a multilevel, multichannel pattern of opening on every side. We should strive to widen the fields of foreign investment, actively open up international markets, and promote pluralization in foreign trade.

Calls for Emphasizing Reform

OW1811124892 Hangzhou ZHEJIANG RIBAO in
Chinese 7 Nov 92 p 1

[Article by staff commentator: "Emphasize Reform and Opening Up—Talk on Implementing the 14th CPC National Congress Guidelines"]

[Text] Seizing the opportune time to speed up development—this is one of the subjects discussed at the 14th CPC National Congress. If we are to carry out the 14th CPC National Congress guidelines, all localities and departments must, in light of their realities, emphasize deepening reform and opening up wider, rely on reform and opening up for development and growth, and bring about accelerated economic growth in Zhejiang.

The key to speeding up development lies in accelerating the pace of reform and opening up. It is the only way to accomplish China's socialist modernization and to accelerate economic development in Zhejiang. From 1978 to 1991, Zhejiang's total productive output grew by 3.18 times; its total income, 6.66 times; its total volume of imports and exports, 13.88 times; and the per capita income of urban residents that could be used for living expenses, 5.41 times. This year, Zhejiang's economic development has entered a new period of accelerated development, and economic indexes are indicating even greater improvement in economic efficiency. The growth rate over the past 14 years is not only significantly higher than the level before the Third Plenary Session of the 11th Central Committee, but also surpasses that of developed countries. What is the secret for such rapid development? The magic weapon is reform and opening up. Every locality and department should integrate the study of congress documents with that of Comrade Deng Xiaoping's works and the important talks he made during his inspection tour of the south, fully affirm the achievement of reform and opening up; seriously review the experience of reform and opening up, and steadfastly speed up the pace of reform and opening up around the central task of economic construction.

We have been liberating and developing productive forces and building socialism with Chinese characteristics through reform and opening up to the outside world. In view of the deep and widespread social changes that have taken place, we can truly say that we have begun a new revolution. The scope of reform and opening up is determined by the degree to which the mind is emancipated. The 14th CPC National Congress has affirmed the guiding role of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in the party's work. In particular, the theory of building a socialist market economic system is of great significance to China's reform and opening up in the future. By earnestly studying this theory, we will be able to rid ourselves for good of the shackles of abstract debate over what is socialist and what is capitalist; we will also greatly broaden our understanding of reform and opening up, have a free hand to boldly absorb the

successful experiences of capitalist countries which are conducive to economic development, and effectively use all the techniques and methods that have already proven effective. At present, supplementary reforms aimed at pushing enterprises into market competition and transforming their operating mechanisms are being implemented in an all-around way throughout the province. A new tidal wave of reform and opening up is surging forward. We must firmly seize the opportune time, further emancipate our minds, display courage and insight, dare to blaze new trails, to take risks, to be ambitious, to take bold action, and to bypass conventions in promoting economic development.

Among the regions along the Chang Jiang and around its delta, Zhejiang Province enjoys some economic advantages in terms of ports, tourism, processing industries, agriculture, and marine resources. Therefore, it should certainly develop faster than others. To achieve a faster growth rate, it is necessary to launch some needed infrastructure projects; however, we must not be impatient for success, lose contact with reality, rush headlong into action, and return to the old practice of neglecting efficiency, putting lopsided emphasis on output value, blindly launching new projects, and seeking only expanded capital construction. We will not gain many real benefits if we turn a blind eye to the market and quality and care less whether the structure is rational, although things may look pretty good on the surface. A high growth rate achieved through high input alone will not last long; moreover, it is liable to trigger various contradictions. In the end, we will have to fix these contradictions with a policy of retrenchment and readjustment at the cost of economic stagnation. To do solid work means emphasizing reform and opening up. By straightening out relations between ownership and management of enterprises, separating the government's functions from those of enterprises, and granting the latter all the decisionmaking powers in the 14 areas so that they will truly become legal entities responsible for their own decisions about their operations and expansion and for their own profits and losses. They should become most competitive enterprises; develop and perfect a mechanism for effectively integrating economy with science and technology; increase the contributions of high technology to economic growth; and achieve faster growth through improving quality, optimizing the structure, and improving efficiency. The provincial party committee and government have drawn up a grand objective and strategic arrangements for achieving quadrupled returns six years ahead of schedule. Let us, under the inspiration of the 14th CPC National Congress guidelines, take even bigger strides in reform and opening up so that Zhejiang's economy will enter a level in a still faster and better way.

Central-South Region

Guangxi Secretary Relays Congress Spirit

HK1711142792 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 8 Nov 92

[Excerpts] The fifth expanded plenary session of the sixth regional party committee opened in Nanning this

morning. The duty of the session is to relay and study the 14th party congress' spirit; use the theory of building socialism with Chinese characteristics to arm the mind; mobilize the people of various nationalities in the region to further emancipate the mind and expedite reform, opening up, and construction; and promote quicker and better development of various undertakings in Guangxi.

Zhao Fulin [regional party secretary], Chen Kejie [governor], Liu Mingzu [deputy regional party secretary], Ding Tingmo [deputy regional party secretary], Peng Guikang [regional party committee standing committee member], Wen Guoqing [regional party committee standing committee member], and Li Enchao [regional party committee standing committee member] sat at the rostrum.

Zhao Fulin, regional party secretary, delivered a report entitled "Study and Implement the 14th Party Congress' Spirit; Expedite Reform, Opening Up, and Construction; and Promote a Faster and Better Development of Various Undertakings." The report was divided into three parts. The first part introduced the general situation of the 14th party congress, and the second part mainly expounded on the major achievements and main features of the 14th party congress.

He said: The 14th party congress fully affirmed the achievements in reform, opening up, and modernization over the past 14 years. Since the Third Plenary Session of the 11th CPC Central Committee, our party and people have carried out reform and have struggled hard, enabling the whole country to radiate vigor and the vast mainland to undergo great changes of historic nature. The social productive forces have been liberated once again, the stable and united political situation has been continuously consolidated, and the problem of food and clothing for 1.1 billion people has been basically solved. The people are moving toward small-scale prosperity. Amid the rapidly changing international situation, China's socialist system has endured grim tests, and this demonstrates its great vitality. [passage omitted]

Zhao Fulin said: Guangxi's economic foundation is poor in the first place, and we have started late in the reform and opening up process. Although Guangxi has made great progress in various areas over the past 14 years, it lags far behind when compared with the developed provinces and regions. Therefore, expediting Guangxi's economic development is the consensus and common wish of the people of various nationalities in the entire region. The experience we have acquired in recent years has proven that Guangxi's development can and should be slightly higher than the average growth rate in the whole country, and this requires us to expedite reform, expand opening up, adjust structure, rely on science and technology for advancement, and continue to increase input. It is necessary to establish the thinking that when it is possible to go fast, do not go slow. Regarding the projects which have good quality and high returns and

which suit the needs and changes in domestic and international markets, we should encourage their development.

Zhao Fulin pointed out: To expedite development, it is necessary to build the system of the socialist market economy. To expedite economic restructuring, it is necessary to change the operating mechanisms within state-run enterprises, especially within large and medium enterprises, and to guide enterprises to the market and strengthen their development vigor and improve their quality. It is necessary to further expand opening up to the outside world and to better and increasingly use foreign capital, resources, technology, and management experience. We must adopt methods that are more flexible, continue improving investment environment, actively explore the international market, promote the diversification of foreign trade, and develop the export-oriented economy.

The third part of Zhao Fulin's report demanded a proper grasp of the study, popularization, and implementation of the congress' spirit. He said: From now until the second half of next year, we must use our energy and time to properly learn from the 14th party congress documents. Various localities and departments should make arrangements which emphasize specific points and divide work according to different levels. Party member cadres, especially the leading cadres at or above the county and department levels, should take the lead in the study, and should study more thoroughly and deeply. Concerning the broad masses of party members, cadres, and people, we should use methods such as report and propaganda meetings to strive to solve one problem or two each time, to enable the spirit of the 14th party congress to really become the action of the broad masses of party members, cadres, and people, and to become the strong motivating force promoting our region's reform and opening up.

At the meeting, Chen Kejie, Ding Tingmo, and Liu Mingzu relayed Jiang Zemin's speech to the first meeting of the 14th party congress presidium, the explanation on the amendment to the CPC Constitution, and Jiang Zemin's speech to the First Plenary Session of the 14th CPC Central Committee. [passage omitted]

Henan Governor Comments on Development in West

HK1711151092 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 1 Nov 92

[Excerpts] A work meeting on the comprehensive agricultural development in Henan Province's (Yuxi) Mountainous Area was held 30-31 October in Luoyang. Those who attended the meeting were people in charge of the seven counties and cities of Zhengzhou, Luoyang, Sanmenxia, Nanyang, Pingdingshan, Jiaozuo, and Xuchang and 33 other counties and cities. People in charge of the units of the leading group for comprehensive agricultural development in (Yuxi) Mountainous Area, the provincial planning and economic commission, the agricultural

planning commission, the financial department, and other units also attended the meeting. Hu Tingji, provincial people's congress standing committee vice chairman and chief of the leading group for comprehensive agricultural development in the (Yuxi) Mountainous Area; and Song Zhaosu, provincial party committee standing committee member and vice governor, addressed the meeting. Governor Li Changchun gave important instructions.

The meeting was a mobilization rally for an all-out effort to implement the comprehensive agricultural development in (Yuxi) Mountainous Area. It formulated the overall plans and specific arrangements, and localities exchanged their good experiences and practices gained in the project. The development tasks for this winter and next spring were tentatively set. [passage omitted]

Li Changchun stressed four key links in achieving success in the development of the west. One, there must be good planning. We must build the (Yuxi) Mountainous Area into a commodity base which can start out at a high level, can expand to a certain degree of scale, and can have diversified economic sectors. Specifically, that means that we must face the market, achieve good quality and high efficiency, pursue economies of scale, establish commodity bases with different characteristics, and create a number of key counties and townships or villages charged with specialized work. Planning must be made in conjunction with the pursuit of achieving well to do villages and opening up to the outside world. Our province agricultural opening up has just started and must face both domestic and foreign markets.

Two, the methods for development must be updated and must meet the socialist market economy's demands. We must change the past practice of relying solely on administrative methods; we must now adopt primarily economic methods supplemented with administrative means. We must form an integrated system for production, marketing, and the procurement of supplies. Its antennas must be tuned to the domestic and foreign markets, and the rest of it must cater to the needs of the tens of thousands of households in our midst. Socialized services will make their effects felt through economic contracts and interest levers.

Third, development in the west must be pursued in conjunction with construction of the infrastructure there. We must do everything we can to improve conditions of agricultural production and speed up water conservancy. We must also make great efforts to pursue vigorously and well the project of getting water from the Huanghe and (Gujian) reservoir projects.

Four, we must raise funds from different channels. The key element of development in the West is mobilizing the masses to rely on themselves, wage arduous struggle, and smash their shackles of poverty themselves. Therefore, the first thing to do is to get the masses to inject manpower and manhours and to raise funds themselves. Regarding loans, the provincial agricultural bank will set

aside a special foundation for this development project in the west, will continue to actively apply to the Asian Development Bank and World Bank for loans, or will invite banks in sister provinces or cities to participate in joint development. Agricultural investment firms must also support some items with preferential discounts. Government departments at all levels must allocate part of their own water conservancy funds to development in the west. [passage omitted]

Henan To Cancel Mandatory Grain Quotas

OW1711155892 Beijing XINHUA in English 1530
GMT 17 Nov 92

[Text] Zhengzhou, November 17 (XINHUA)—The government of central China's Henan Province has decided recently that from next year the provincial government will cancel the mandatory grain-growing-area quota for farmers.

The long-standing grain-growing-area quota is to be stopped provided that the production of grain, cotton and tobacco remain stable next year. Thus farmers can plant whatever they like while taking advantage of local natural resources and adjusting themselves to market demands.

In the past, it was difficult for the passive farmers in the province to sell their products and to adjust themselves to market demands due to the limit from the grain-growing-area quota and the low grain purchasing price of the government.

To cancel the quota is an important measure of the province to carry out a market economy emphasizing high-quality agricultural production.

In addition, a rural economic information association will be set up to guide farmers in their production work by issuing agricultural production prediction information.

Southwest Region

Tibet Government Issues Circular on Conscription

OW1811064392 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 11 Nov 92

[From the "Tibet News" program]

[Text] The Tibet Autonomous Region Conscription Office recently issued a circular asking all localities to strictly enforce regulations governing conscription, take firm steps to ensure the high quality of conscripts, and recruit outstanding young people for the Army.

The circular asks people's government conscription offices at various levels to deeply and effectively carry out propaganda and education work to enhance the entire nation's national defense awareness. Conscription departments of the people's government at all levels must provide four guarantees: 1) Guaranteeing one's

honesty when performing jobs. Members of the conscription offices are asked to stop pressuring lower departments and interfering in their conscription work, and to turn down banquet invitations and gifts. 2) Guaranteeing that one has the knowledge and skill in conscription work and the can master various conditions and regulations related to conscription work. 3) Ensuring that what is going on at higher levels can be promptly and accurately made known to lower levels and vice versa without impediment so as to improve work efficiency. 4) Guaranteeing the openness of conscription work and the acceptance of the supervision of society and the masses. The conscription offices must quickly respond to people's letters and visits.

North Region

Beijing Municipality Quickens Price Reform

HK1711150792 Beijing RENMIN RIBAO in Chinese
24 Oct 92 p 2

[By Wang Jingshan (3769 2529 1472): "Beijing Municipality Quickens Price Reform"]

[Text] Beijing Municipality has boldly carried out power devolution, has stressed the development of markets, and has quickened the pace of its price reform. At present, the prices of 81 percent of agricultural and sideline products and consumer goods in Beijing are now subject to market forces. In the first nine months of this year, retail prices in Beijing increased 7.1 percent over the same period of last year, and the price index of workers' day-to-day expenditure increased 8.5 percent. In the same period, however, residents' income increased 15 percent.

This year, to support the large and medium industrial enterprises that were "going on board" and the commercial institutions that were facing the "four decontrols," the Beijing Municipal Price Administration further decontrolled the prices of 45 types of commodities in March and decontrolled the prices of 135 types of production materials—after the prices of 59 types of agricultural and sideline products were decontrolled last year. The municipality also implemented pilot schemes for power devolution in the catering trade.

While boldly conducting power devolution, the Beijing Municipal Price Administration selected 100 commodities and services as the targets of price analysis in order to strengthen price supervision and make forecasts for commodities not subject to price control. It completed the sample surveys on a regular basis over the price problems among 400 households in eight suburban districts and began to make a relevant analysis of the relationship of the price index with such factors as the economic growth rate and the wage increase rate.

Hebei Secretary Urges Studying Zhuhai Experience

SK1811124392 Shijiazhuang HEBEI RIBAO in Chinese 30 Oct 92 p 1

[By reporters Duan Zhenjiang (3008 2182 3068) and Du Yinghua (2629 5391 5478): "Delegation of Zhuhai City Passes On Valuable Experiences in Capital of Hebei"]

[Text] The Shijiazhuang city party committee and government held a report meeting at the Shijiazhuang Workers Cultural Palace on the afternoon of 29 October. At the meeting, the visiting friendship delegation of Zhuhai city passed on its valuable experiences to the cadres and people in Hebei Province's capital.

Zhuhai is one of the country's four special economic zones. Over the past 14 years since the implementation of the reform and open policy, the city, with high starting points and great daring, has rapidly developed the socialist economy and provided the whole country with many valuable experiences. At the meeting, Liang Guangda, member of the Guangdong Provincial CPC Committee Standing Committee, secretary of the Zhuhai party committee, and mayor of Zhuhai, delivered a report in line with Zhuhai's actual conditions for reform and opening up over the past 10 years or so. His report was vivid and profound, provided food for thought, and won the applause of the comrades participating in the meeting.

Xing Chongzhi, secretary of the provincial party committee, made a speech at the meeting. He said: The 10 issues set forth by Comrade Liang Guangda are practical experiences. They are suitable for us. One of the main experiences gained by Zhuhai is to emancipate the mind and change the brain. Our province is often handicapped by methods and funds in the course of reform, opening up, and economic construction. They are not only real difficulties but also ideological problems. So we should conscientiously study Zhuhai's experiences and strive to overcome the difficulties cropping up in the course of development.

Present at the meeting were Cheng Weigao, Li Bingliang, Yang Zejiang, Guo Zhi, and Li Wenshan, leading comrades of the provincial party committee, the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference.

Li Haifeng, member of the provincial party committee standing committee and secretary of the Shijiazhuang city party committee, chaired the meeting.

Northeast Region

Liaoning Government Studies Congress Guidelines

SK1711140192 Shenyang LIAONING RIBAO in Chinese 8 Nov 92 p 1

[Text] On the afternoon of 6 November, the seventh provincial government held the first (expanded) plenary

session to further mobilize the vast number of cadres and people across the province to deeply study and implement the 14th CPC Congress guidelines; to take Comrade Xiaoping's theory on building socialism with Chinese characteristics as a weapon; to emancipate the mind; to persistently proceed from reality to creatively do the work; to firmly foster new ideas, new concepts, and new ways of thinking suitable to the socialist market economy; to readjust work ideas; to select accurate ways; to do solid work; and to speed up the economy's development.

At the session, Vice Governor Xiao Zuofu relayed central leading comrades' speeches on the economic work. Vice Governor Wen Shizhen explained the "outlines of the plan for speeding up the economic development in the 1990's." Governor Yue Qifeng made a summing-up speech entitled "Deeply Study and Implement the 14th CPC Congress Guidelines, Emancipate the Mind, Change the Brain, Take Accurate Roads, and Speed Up Development."

The session maintained: The 14th CPC Congress has provided us an extremely favorable opportunity to deepen reform, expand the scale of opening up, and speeding up development. Deeply studying and implementing the 14th CPC Congress guidelines, grasp favorable opportunities, selecting accurate ways, and speeding up development are the fundamental strategic tasks of all people of the province. Liaoning has the conditions for speeding up development as well as such advantages as natural resources, economic foundation, science professionals and technicians, and investment environment. Only when we emancipate the mind, change the brain, and have accurate development ways will we greatly speed up the economic development. On the contrary, it will be possible for us to lose another favorable opportunity.

The session stressed: We should now focus on taking the congress guidelines as a guidance, purify the ideas, put focal points in a prominent position, do solid work, and attend to the implementation of various work tasks:

First, work out a plan for speeding up economic development in the 1990's and help all fronts define specific targets and measures for elevating the economy to a new high in the 1990's. This is a great matter relating to Liaoning's economy and the long-term development of society. The general guiding ideology is that in line with the general requirements for setting up the socialist market economic system, we should comprehensively reform the economic system; enhance the dynamics of reform; expand the extent of opening up; take science and technology as a guide; develop high-yield, good-quality, and high-efficient agriculture; and use new and high technology to transform and revitalize old enterprises. We should give free rein to developing town and township enterprises; enliven the economy at the county and township levels; decontrol the development of three types of foreign-funded enterprises; open the country to all directions; set up and improve the market system;

comprehensively enliven the circulation spheres; vigorously develop tertiary industry; pioneer a new economic development way characterized by less input, high efficiency, and fast accumulation; and speed up economic development. In line with this guiding ideology, the province forwarded that in the 1990's, the GNP should progressively increase 10 percent every year and the province should fulfill the target of quadrupling the GNP three years ahead of schedule (that is, the province should fulfill the target by 1997). We submit the outlines of the plan and several projects to this session for discussions and aim at soliciting the opinions from all fronts and making them not only conform to the congress guidelines but also suit the reality of Liaoning.

Second, take the establishment of the socialist market economic system as a target and deepen the economic system's reform. According to the provincial government's requirements for decontrolling management to enliven the economy, delegating powers to lower levels, giving free rein to developing various undertakings, changing enterprises' managerial mechanisms, changing the government functions, changing enterprises and establishments into management and service units, and setting up the socialist market and social guarantee systems, we should implement the "regulation"; speed up the transformation of enterprise managerial mechanisms, the establishment of the market system, and the change of government functions; make efforts to enliven large and medium enterprises; and help enterprises enter the markets. In the Eighth Five-Year Plan period, we should carry out the system of contract for input and output among about 700 large and medium enterprises; introduce five kinds of asset management forms, including the mechanisms of three types of foreign-funded enterprises, the stock-holding system, the "grafting" form of management, and division of profits and taxes; and ensure to successfully enliven two-thirds of large and medium enterprises across the province during the Eighth Five-Year Plan period. Simultaneously, we should speed up the trial reform of the overall economic system among counties and districts and accumulate experiences for the organizational reform.

Third, we should further expand the scale of opening up to the outside world and speed up the contacts with the international market. We should grasp the current favorable opportunities, fully utilize our advantages, initia-tively pioneer both domestic and foreign markets, use two kinds of natural resources and two kinds of capital to vigorously develop three types of foreign-funded enterprises and vigorously achieve technological transformation, and open the province to all directions in a diversified and multitiered manner. We should continue to achieve the construction of the economic and technological development zones as approved by the state. In running development zones, all localities should persistently take the economic results as a key link, be sober-minded, adopt steady steps, reduce blindness, and avoid creating man-made economic losses. We should continue to achieve the readjustment of the export industrial

structure and the product mix, enhance the export and foreign exchange creating capability, master the ability in handling affairs according to international practice, and suit the new situation of joining GATT.

Fourth, continue to strengthen agriculture's role as the foundation of the national economy and comprehensively make the rural economy flourish. To suit the market economy's development, we should take the market demands as guidance; vigorously develop high-yield, good-quality, and high-efficient agriculture; and positively readjust the cropping structure. At the time of stabilizing grain production, we should vigorously develop a diversified economy and the production of cash crops. We should now attend to autumn harvesting and the purchases of grain and farm and sideline products. We should mobilize the vast number of cadres and people to rapidly engage in the construction of a series of farmland water conservancy projects, including turning up the soil, so as to lay a firm foundation for capturing a bumper agricultural harvest in 1993. We should vigorously develop town and township enterprises and ensure that the total output value of the town and township enterprises should increase 1.5 billion yuan in 1992 and 20 billion yuan in 1993.

Fifth, we should adopt various measures to vigorously develop tertiary industry; mobilize the enthusiasm of all fronts; persistently and simultaneously develop various sectors of the economy, pay particular attention to developing civilian run, privately run, and individually run enterprises; ensure that the tertiary industry develops at a speed faster than that of the primary and secondary industries; and make tertiary industry become the pillar industry of the provincial economy.

The session especially stressed: The current industrial production is still a key sector of the provincial economic work. Problems, such as unmarketable products, low economic results, and poor competitiveness, still prominently exist. By implementing the "regulation," we should promote the deepening of enterprise reform, speed up the readjustment of the product mix, strengthen enterprise management, do a good job in turning deficits into profits, try every possible means to increase economic results, and contribute to alleviating financial difficulties.

Northwest Region

Xinjiang Secretary Discusses Congress Guidelines

OW1811125292 Urumqi Xinjiang Television Network
in Mandarin 1655 GMT 15 Nov 92

[From the "Xinjiang News" program]

[Text] The Xinjiang Regional CPC Committee held an enlarged meeting of its standing committee from 11 to 14 November. The meeting's main purpose was to implement the 14th CPC National Congress guideline, to make suggestions in accordance with work experience;

and to set the goals and draw up measures and relevant policies in conjunction with the work of deepening reform, opening up wider to the outside world, boosting construction of key projects, promoting education in science and technology, and ensuring political stability.

Leading comrades of the regional party committee standing committee, the regional advisory commission, the regional people's congress, the regional people's government, and the regional committee of the Chinese People's Political Consultative Conference; as well as leading comrades from the regional departments in charge of comprehensive economic management and Urumqi, attended the meeting.

[Provincial Party Secretary] Song Hanliang presided over the meeting. Wang Lequan, Abulaidi Amudurexiti, Li Donghui, Jin Yunhui, Wang Yousan, Li Shoushan, Keyum Bawudun, Feng Dazhen, Mao Dehua, Yusufu Muhanmode, Hederbai, Zhou Guofu, Zhang Fusen, and Amudun Niyaz spoke on special topics at the meeting. Their speeches pointed out that our region has made marked results in implementing the 14th national party congress guidelines. With confidence, leaders of various departments put forward practical suggestions for advancing reform, opening to the outside world, and developing a market economy.

Song Hanliang spoke at the end of the meeting. He called on party committees at all levels to carry out three tasks well: first, they should conscientiously study the 14th national party congress guidelines; second, they should organize people to implement the guidelines; and third, they should improve their methods of guiding work.

Song Hanliang said: We lag behind the hinterlands in that we have not sufficiently emancipated our minds. To narrow this gap, we must, first of all, strengthen studies. The priority task for party committees at all levels now and in the coming period is to conscientiously study the congress guidelines. Party and government leaders at all levels should take the lead in studying the congress documents and arm themselves with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; they should organize cadres and the masses to study the documents to whip up an upsurge of studying the guidelines, doing away with old concepts, and implementing the guidelines. Through studying the congress guidelines, rural areas should consciously act to strive for a relatively comfortable standard of living; the enterprises should strive to change their operating mechanisms and dare to compete in the markets; and government departments should strive to change their functions, simplify administration, and delegate power to lower levels. Other units should consciously act to provide a political guarantee for the central task of economic development.

Song Hanliang pointed out: The new ideas forwarded by this enlarged meeting and their implementation are basically feasible. Leaders at all levels should continue to exert themselves, solve key problems, and accelerate

reform. In organizing the implementation of the new ideas, they should pay attention to coordination to achieve good results. In drawing up plans, all units should know how to seize the opportune time. If we seize the opportune time, we will get twice the results with half

the effort, but if we lose the opportune time, we will get half the results with twice the effort. We must organize and rely on the masses, take the mass line, and quickly translate policies into the conscious actions of the masses.

Daily Praises Actions of Hong Kong Governor*OW1711145792 Taipei CNA in English 1421 GMT 17 Nov 92*

[Text] Taipei, Nov. 17 (CNA)—The following editorial appeared in Tuesday's [17 November] EXPRESS NEWS, an evening daily published by CENTRAL NEWS AGENCY.

Hong Kong's New Broom

Christopher Patten is the new broom in Hong Kong, the 28th and most likely the last governor of the British colony before the Chinese Communists take control in 1997.

Replacing the timid David Wilson in July, Patten has proved himself a difficult negotiator in dealing with Peking. He is not afraid of confronting Peking in instituting political reforms for the six million Hong Kongers. A war of words has been raging between him and Chinese Communists since Oct. 7 when he outlined his proposals to reform Hong Kong's Legislative Council. The war escalated last week when he made his first visit to Canada as the governor of Hong Kong. He said on more than one occasion that he is determined to carry out the reform in order to safeguard Hong Kong's future.

This could be done by preserving Hong Kong's way of life which is stated in the 1984 joint declaration. He said in Canada last week: "My role as governor is simple. It is to implement the Joint Declaration, and in so doing to safeguard the way of life of the six million people in Hong Kong. Their free economy. Their rule of law. Their sound administration. Their way of life that generates the prosperity and stability of Hong Kong upon which that way of life itself depends. An integral part of that way of life is the participation of individual citizens in the conduct of Hong Kong's affairs." This participation in politics by citizens can be realized by broadening democracy. Patten, in his first policy speech on Oct. 7, suggested an increase in the number of directly-elected seats in the Legislative Council for the 1995 election. As we know, only one third of the 60-member legislature is directly elected.

His proposals, though modest, have infuriated Peking and provoked the war of words. Peking has threatened to roll back after 1997. But Patten appeared unfazed, believing that time is on his side because Peking's aging leaders probably won't survive 1997.

Fortunately, Patten has the support of Hong Kong's people. He wants to go down in history as a governor who fought for democracy for the people and leave a legacy that would safeguard the way of life of Hong Kong, upon which prosperity, stability, and democracy depend.

A new broom sweeps clean, and Patten is the new broom. We hope he will not bow under pressure and stand up to Peking for the wellbeing of the six million Hong Kong people.

Netherlands To Help With Submarine Yard*OW1811104792 Taipei Voice of Free China in English 0200 GMT 17 Nov 92*

[From the "News" program]

[Text] In the competition to sell submarines to Taiwan, Holland is offering an attractive package that includes technological transfer.

Reliable sources said to promote and sell diesel electric submarines, Holland's Rotterdamse Droogdok Mij has proposed a joint venture with the state-run China Shipbuilding Corporation to build a submarine dockyard in Taiwan.

Sources said the dockyard may take three years to complete and the vessels may be commissioned in eight to 10 years.

Holland is believed to be Taipei's most famous submarine source apart from France and Germany.

Two Holland-made diesel electric submarines, [words indistinct] Sea Dragon and Sea Tiger, are currently in the ROC [Republic of China] Navy's service.

France, competing to seal a weapons deal aimed at upgrading Taiwan's military forces, is reportedly offering its Rubis-class nuclear submarine. Paris is currently negotiating with Taiwan on the sale of 60 Mirage 2000-5 jet fighters.

German Economics Minister Makes 'Private Visit'**Chien Says Visit 'Very Welcome'***AU1811090992 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Nov 92 p 6*

[Uwe Schmitt report: "The Germans Are Very Late"]

[Text] Taipei, 16 November—There is no bitterness, rather ironic understanding, in the gestures and tone of voice, with which [Republic of China Foreign Minister] Frederick Chien emphasizes the quotation marks around the "private visit" of the German economics minister. Moellemann (who is expected to arrive in Taiwan this evening) will stay less than 24 hours on the island before he goes on for extensive talks in Japan, and he will strictly avoid contacts with him or his officials, the foreign minister says, whose government currently has diplomatic relations with 29 states. Nevertheless, the visit of the highest-ranking German politician in 20 years is very welcome. The trade volume with the FRG has quickly increased to \$8 billion a year and given Taiwan a deficit of \$400 million, Chien notes with an obliging smile. Political relations with the FRG are, however, still "a bit sensitive" since the recognition of the PRC in 1975. Even though the tiresome "zero sum game" [Null-Summen-Spiel] with Beijing is slowly changing and other European countries are intensifying

their unofficial relations with Taiwan, in Bonn a traditional interpretation of the Chinese dilemma still seems to be dominant. "The Germans are very late," Chien says, "it takes two to tango."

"It takes two to tango." It is no coincidence that what sounds like an obvious truism is one of the favorite sayings of the foreign minister, who speaks elegant English and has proved the contrary with enormous tact and skill since taking office two years ago: The 57-year-old man has played a key role in having enabled Taiwan, which became a pauper in the international community because of Chinese pressure, to develop its economy on its own, at least without any major partners. The island, with 20 million inhabitants on a territory the size of Baden-Wuerttemberg, ranks 15th among the trading nations. The foreign minister certainly is not subjected to Taiwan's diplomatic isolation, but to the paradox that the applicants are striving for unofficial contacts with economic offices in Taipei while political recognition is declining. The lifting of martial law in 1987, the respected reforms of President Li Teng-hui (the first president born in Taiwan) and—Chien is honest enough not to deny it—above all the Tiananmen Square massacre in June 1989 have increased Taiwan's reputation and dampened illusions about the PRC. In addition, Chien avoids any hint of propaganda on the unchanging demand for renunciation by this government, which is to achieve "one China" under the Kuomintang's leadership. When asked about Taiwan's latest arms purchases, not least the delivery of F-16 fighters, which is expected at the beginning of 1995 and which President Bush approved during the election campaign in September after refusing for a decade, Chien points to securing the sea routes on which not only Taiwan but also Korea and Japan depend: "After all, we are located precisely on the supply route between northern and eastern Asia. If Taiwan were to fall into unfriendly hands, it would be difficult for all." All the more important, the foreign minister says, is the initiative by President Li, who proposed a regional security conference in the summer. The withdrawal of the Americans from Asia, South Korea's recognition of the PRC, the sending of Japanese UN peacekeeping forces to Cambodia, as well as Beijing's rearmament and policy of expansion in the South China Sea, make such a conference urgently necessary. Whether it will be possible to work with existing associations, as the Americans want, or whether a new forum has to be established, does not change anything as regards the urgency. Taiwan looks on the new Clinton administration with cautious optimism. After all, under Democratic President Carter the United States recognized the PRC. In the meantime, even the United States recognizes that Taiwan is trying to achieve a "relatively democratic" form of society. However, its government cannot afford any setbacks or mistakes.

Frederick Chien certainly admits political mistakes. As a result of more than 40 years without contacts with the Soviet Union, today there is hardly a single translator in Taiwan with acceptable knowledge of Russian. He

intends to catch up with many things, first in the Baltic states, in Belarus, and in Ukraine, and since September also with Moscow: below the threshold of official relations, with consulates and trade missions at most. We have also ignored Eastern Europe much too long," Chien says, "now we will help while we learn." Taiwan first established contacts with Hungary, Poland, and the CSFR. Donations, such as 100,000 tonnes of rice and pharmaceuticals worth \$50 million for Ukraine and Belarus will help people there realize that Taiwan exists.

Frederick Chien experienced his biggest foreign policy defeat at the end of August, as he himself says, when South Korea, Taiwan's last important Asian ally, decided to establish relations with the PRC but officially denied their plans until the very last. "Of course, we knew about their temptation for years," Chien says and, for the first time, show something like hurt, "and they exploited that in economic terms." Taiwan ordered more Korean cars than it wanted and also "swallowed a lot" in other respects. It always just asked Seoul to report, as old friends, on negotiations with Beijing at an early date. And Seoul always issued denials and reassurances. Then, Chien says with suppressed outrage, one week before the diplomatic disaster, Taipei learned via a third party that "they are flirting." No one who lies is respected in diplomacy; such devious behavior means a "retreat into the jungle." Chien insists that the issue is not the fact that Korea turned away from Taipei but the way it was done. It is just as if somebody breaks off a love affair: "If Seoul had told us one day: 'We are sorry, you are simply too small,' we would have understood." Frederick Chien does not add that Taiwan has had to understand that quite often.

Lobbies for Business

OW1811090592 Taipei CNA in English 0808 GMT 18 Nov 92

[Text] Taipei, Nov. 18 (CNA)—German Economics Minister Juergen Moellemann Wednesday morning [18 November] urged business and industry in Taiwan to make use of the advantages offered by the new federal states in Eastern Germany.

Moellemann, who is heading an 80-member German Economic Mission on a one-day visit here, addressed the participants in a symposium on the investment opportunities in the new federal states at the Sherwood Taipei Hotel.

The minister who is the highest ranking German official to have visited Taipei in the past decades, lauded the dynamic economic development in East Asia, particularly in Taiwan, South Korea, Hong Kong and Singapore. He spoke highly of the economic cooperation between Bonn and Taipei, saying that the expansion of economic cooperation between the two countries will also yield new opportunities.

While attracting foreign investors to participate in rebuilding the economy in the new German federal states

remains a major task of the economic mission, Moellemann contributed a great part of his address to the promotion of the new federal states.

He emphasized that there are visible signs of progress in Eastern Germany, and the German Government is making tremendous investments to improve the infrastructure there. To name a few, in this fiscal year, 9 billion German mark is invested in telecommunications and 14 billion German mark in transportation.

Besides, the minister said that the German Government has also offered comprehensive supports to investors, including low-interest rate and tax concession. These incentives are good for German as well as foreign investors, he stressed.

The five new federal states, with well trained and highly motivated workers, have certain advantages for foreign investors. The minister pointed out that the further integration of the European single market in 1993 signifies a great economic dynamism. He suggested Taiwan investors to secure a foothold in Germany which offers good access to central and Eastern Europe and Scandinavia.

Regarding the racist violence in Germany, Moellemann reiterated that the German Government condemns the incidents. He added that the large scale anti-racist demonstrations in Berlin and Bonn are signals of openness.

"Germany is a liberal country opened to the world and friendly to foreigners," the minister said, extending his invitation to the business and industrial sector and wishing them to organize a group for a fact-finding tour in Germany sometime next year.

After the two-hour symposium, Moellemann called on Shirley W.Y. Kuo, chairwoman of the Council for Economic Planning and Development. He was entertained at a luncheon by Economics Minister Hsiao Wan-chang.

The two ministers had breakfast together earlier Wednesday and exchanged views on the establishment of a business and industrial cooperation council.

Before his departure in the evening, Moellemann will call on President Li Teng-hui and Premier Hao Po-tsun, and meet with Chairman Hsu Hsin-liang of the opposition Democratic Progressive Party (DPP).

Central American Bank President Praises Economy

OW1811094192 Taipei CNA in English 0838 GMT 18 Nov 92

[Text] Taipei, Nov. 18 (CNA)—Taiwan's success in trade development could serve as a good example for Central American countries to follow, a senior banker from that part of the world said Tuesday [17 November].

Federico Alvarez Fernandez, executive president of the Central American Bank for Economic Integration

(CABEL), made the remarks while meeting with Wu Kuan-hsiung, vice president of the China External Trade Development Council (CETRA).

After hearing a briefing on CETRA operations, the banker noted that he was greatly impressed with the important role the CETRA has played in Taiwan's overseas trade promotion. Latin American countries should learn from the CETRA, he said.

Earlier in the morning, Alvarez called on Governor Samuel Shieh of the Central Bank of China to exchange views on banking business.

The banker and a party of four arrived in Taipei Nov. 16 for a five-day visit.

The visit came after the Republic of China [ROC] was formally accepted as a non-regional member of the CABEL earlier this month. Taiwan paid US\$150 million to the bank's Central American Economic and Social Development Fund last year.

Collective Security System in Asia-Pacific Urged

OW1811094292 Taipei CNA in English 0835 GMT 18 Nov 92

[Text] Munich, Nov. 17 (CNA)—A ranking Republic of China [ROC] official Tuesday [17 November] called for the establishment of a collective security system in Asia Pacific.

Ma Ying-jeou, vice chairman of the Mainland Affairs Council made the call in his address to the opening of the 14th International Conference on Policy and Strategy, sponsored by the Hanns Seidel Foundation.

Ma said the superpowers' influence in the Asian-Pacific region is declining. The demise of the Soviet Union naturally led to its greatly diminished military presence in the region, and America's economic recession coupled with the closing of military bases in the Philippines have also weakened its strategic position.

In contrast, Ma said, local powers are finding ways to reposition themselves and redefine their roles in the years leading to the 21st Century.

"To a great degree, it is healthy for us in Asia to sort out our own problems by ourselves, not least because the Cold War was often a distorting lens through which people view local issues," Ma noted.

He said it may now be time to map out an Asian-Pacific multilateral mechanism spanning the region. "A kind of collective security system, if skillfully structured, could be a stabilizing force for this region in the future," he observed.

Following is excerpts from Ma's speech entitled "Regional Stability in East Asia: Implications of Taipei-Peking Relations."

"Such a system could be a new and meaningful mode of cooperation among east Asian countries themselves and a timely response to U.S. President George Bush's "proportional engagement" concept first proposed at Aspen, Colorado in 1990. Actually, such a collective security system could well be built along the lines of existing economic cooperation forums or organizations discussed below.

"East Asia does have a remarkable record of economic success, and its combined GDP is rapidly approaching that of Europe or north America. To foster economic cooperation in the region embodying the concept of a Pacific economic community, an Asia-Pacific Economic Cooperation (APEC) forum featuring periodical ministerial gatherings was established last year, following the good examples set by the existing Pacific Basin Economic Council (PBEC) set up in 1967, and the Pacific Economic Cooperation Conference (PECC) in 1980.

"In terms of security and economic development, Mainland China will surely play a larger role in the Asia-Pacific region. Whether it will be a stabilizing force or destabilizing one depends on the success or failure of its budding economic and, to a much looser extent, political reforms.

"A stable and democratic China is in the interest of the whole world. To this end, the Republic of China on Taiwan at this historical juncture may play a larger role in bringing this about than its small size might indicate.

"Post-Cold War [words indistinct] Asia presents a strategic landscape very different from what it was when the two superpowers were both around. Analysts usually look to a politically more aggressive Japan and a militarily more assertive Mainland China trying to fill some of the power vacuum. It is by no means wrong to evaluate implications of such developments this way. Yet the need for a new system of collective security in the region and the burgeoning unofficial contacts across the Taiwan straits are sometimes losting in the minds of western strategists or government planners.

"Therefore, we in the ROC believe that it is time for east Asian countries to consider establishing a collective security system of their own to avoid unnecessary arms race and to enhance regional economic cooperation. It is also time for Europeans to pay more attention to the various aspects of Taiwan-mainland relations and to their strategic, political and economic implication for the rest of the world, including Europe. The new ways of cooperation between European firms and Taiwan companies to tap the mainland market suggested earlier are only samples of possible common interest for leaders of these two regions to ponder.

"Chinese Communist leaders love to boast that what they practice on the mainland today is a "socialism with Chinese characteristics," we the 20 million Chinese people in the Republic of China on Taiwan sincerely

hope that there will be more and more Chinese characteristics, fewer and fewer socialist ones. [punctuation as received]

PRC in 'No Position To Talk About' Unification

OW1811083092 Taipei CNA in English 0820 GMT 18 Nov 92

[Text] Taipei, Nov. 18 (CNA)—Mainland China is in no position to talk about the unification of China at the moment, Premier Hao Po-tsun said Tuesday.

Hao said that the unification of China does not mean Taiwan being taken over by Mainland China, but a China that is unified under freedom, democracy, and equal distribution of wealth.

Hao was speaking to Taichung county councilmen and township representatives in a seminar on the six-year National Development Plan in Taipei.

Hao said that unless Mainland China can develop a free, democratic and economically viable society for Chinese people, it is unqualified to talk about unification.

Hao said that advocating "one China, one Taiwan" is dangerous and is bound to affect the stability here. "Who can guarantee that Peking would not use force against Taiwan if it declares independence?" He asked.

He noted that a stable environment has been crucial to the development in Taiwan. What the Republic of China [ROC] on Taiwan achieves in the past four decades has been the result of its insistence on freedom, democracy, and anti-communist policy, he stressed.

Hao cautioned against the idea of "one China, one Taiwan", saying it would be tantamount to advocating Taiwan independence.

He urged people not to be influenced by a few independence advocates, saying they are only driving a wedge between the central and local governments.

Straits Group Agrees To State Positions 'Orally'

OW1811082692 Taipei CNA in English 0815 GMT 18 Nov 92

[Text] Taipei, Nov. 17 (CNA)—Peking has agreed to a Taipei proposal that both sides "orally state" their respective "one China" positions, a ranking Straits Exchange Foundation (SEF) official said Tuesday.

Li Ching-ping, deputy secretary general of SEF, said Peking's Association for Relations Across the Taiwan Strait (ARATS) has also suggested that after issuing the "oral statements," both sides resume talks on document authentication.

SEF and ARATS officials met Oct. 28-30 in Hong Kong to negotiate an agreement on document verification and other technical problems arising from increasing civilian

exchanges between Taiwan and the mainland but the talks hit a snag over the "one China" issue.

In a written message to SEF Monday, Li said, ARATS proposed another meeting in "Taiwan or Peking," or in "Xiamen or Kinmen," to wrap up the working-level talks.

If the next round produces good results, top officials of the two organizations which have been authorized to handle cross-straits civilian affairs should sign a formal accord, ARATS suggested.

ARATS pointed out that it will make a statement to the effect that both sides of the Taiwan straits insist on the "one China" principle and are working hard to seek the unification of the country.

However, the ARATS statement would continue, political implications of "one China" should not be involved in working-level talks between the two sides of the straits.

"Based on such a spirit," it would add, "the problem of authenticating documents issued by each side should be properly solved."

On its part, SEF will state its "one China" position as follows:

"Though both sides of the Taiwan straits insist on the 'one China' principle in the process of joining efforts to pursue national unification, they have different recognitions about the contents of 'one China.' However, in light of increasing civilian exchanges across the straits, the problem of document authentication should be properly solved in order to ensure the interests of people on both sides."

Li stressed that "our side is still studying" whether or not to accept ARATS' latest proposal. A reply will be made in the coming days, he added.

Editorial on Need To Define One-China Policy

OW181111592 Taipei CHINA POST in English 13 Nov 92 p 4

[Editorial: "The Need To Define One-China Policy"]

[Text] Senior members of the ruling Kuomintang (KMT) at a weekly meeting on Wednesday [11 November] presided at by its chairman, President Li Teng-hui, had a heated debate over how to penalize two of its legislators who openly questioned the party's one-China policy recently.

To the public, the KMT debate points to something more important than the question of how to discipline the two legislators. That is, the KMT needs to give a clear and plausible definition to its one-China policy.

Legislators Chen Che-nan and Wu Tzu are actually not alone in having doubts about the one-China policy. Many people do. And a lot of opposition Democratic

Progressive Party (DPP) politicians use the public's uncertainty about that policy as an excuse to advocate Taiwan independence.

Many question the policy because in their perception what the KMT-led government has been doing over the last four decades is pursuing a virtual "two-China" or "one-China, one-Taiwan" policy. They base their view on two major political facts.

One is that while the government has insisted upon one-China policy for years, the fact is Taiwan has been running its own affairs totally independent of mainland China—just like a sovereign state.

Internationally, Taiwan is officially accepted as the Republic of China [ROC] by some 30 nations, although there are a lot more states which recognize Beijing as the sole legitimate government of China.

The political fact that leads many to believe the government's one-China policy is a de facto "one-China, one-Taiwan" policy relates to the authorities' approach to international relations.

Taiwan, faced with Beijing's persistent intervention, almost always has difficulty winning diplomatic recognition. Countries which recognize mainland China hesitate to extend recognition to the ROC for fear of offending Beijing.

In such cases, the ROC government has to adopt a pragmatic policy by agreeing to establish relations with the countries involved at an unofficial level and to be addressed simply as Taiwan.

It is this pragmatic approach that has often led many people to take the government mistakenly as pursuing a "one-Taiwan, one-China" policy, contradicting its long-established principle that there is only one China and that Taiwan is part of China.

To dispel the widespread misunderstanding surrounding this one-China policy issue, there is a need for the authorities to officially define the meaning of that policy.

To that effect, the government first needs to admit that, politically, there in fact are two Chinas. One is the Republic of China on Taiwan and the other is the People's Republic of China ruling the Chinese mainland.

With that understanding, whenever we in Taiwan mention "one China," it refers to the ROC, not the People's Republic of China across the Taiwan Strait.

President Li Teng-hui has recently suggested this definition. But it is necessary to go further to point out the legitimacy of this policy.

Although the KMT government lost the mainland to the Chinese communists in 1949 after being defeated in a civil war, it has since been effectively administering Taiwan with the authority provided under the ROC Constitution.

The ROC's sustained economic success and its more recent devotion to political reform in Taiwan have won not only the support of the local people, but also widespread recognition in the international community.

The communist regime in Beijing, on the other hand, has imposed a dictatorship on the mainland, denying its citizens their most basic rights and freedoms.

The reason that the ROC government wants to maintain a one-China policy is because that Taiwan is an inalienable part of China, both historically and culturally.

Advocating otherwise will provide an excuse for Beijing to invade Taiwan. The mainland leaders have repeatedly threatened that they would not hesitate to use force against this island, should it seek independence. In addition, the government here insists on a one-China policy because it wants to preserve the status quo of division with the mainland until after the political and social differences are narrowed and reunification of the two sides is possible.

Such a policy can best protect Taiwan's security interests, as it seeks to improve relations with the mainland and at the same time provides Beijing no excuse to attack this island.

In short, the authorities at the ruling Kuomintang must come up with a clear-cut definition of its one-China policy to end the debate over the vital issue in and outside the party.

Agriculture Official on Conservation Measures

OW1811090692 Taipei CNA in English 0759 GMT 18 Nov 92

[Text] Taipei, Nov. 18 (CNA)—The Council of Agriculture (COA) indicated Tuesday [17 November] that the Republic of China [ROC] is the sole Asian country that has taken active conservation measures to protect endangered species.

Lin Shiang-nung, COA vice chairman, noted that his council has destroyed 67 kilograms of rhino horns seized in the crackdowns on illegal smugglers since 1990.

The ROC Government is in no way an irresponsible government as claimed by some British and United States conservation organizations, Lin emphasized.

Instead, the ROC efforts to protect rhinos, considered endangered by many countries, deserve encouragement, he said.

Lin singled out a rhino smuggling case taking place in October, 1990. Notified by a South African endangered species protection organization, he recalled, the council helped nab a local businessman involved in the case.

Lin said he will meet with the British and American representatives in Taiwan so as to clarify the ROC Government stance.

An ROC official stationed in London was denied a chance to give an account of the Taiwan version of the story when three conservation organizations—Environmental Investigation Agency, Tusk Force and Shepherd's Foundation—met the British press two days ago to condemn Taiwan.

KMT Committee Approves Personnel Changes

OW1811092692 Taipei CNA in English 0850 GMT 18 Nov 92

[Text] Taipei, Nov. 18 (CNA)—The ruling Kuomintang's decision-making central Standing Committee approved three personnel change proposals presented by Premier Hao Po-tsun Wednesday morning.

According to the proposals, Chang Lung-sheng, Vice Chairman of the Council for Economic Planning and Development, will be new director-general of the Environmental Protection Administration.

Chang, 52, succeeds Jaw Shao-kong, who resigned late last month to run for the Dec. 19 legislative election.

Sun Ming-hsien, director of the Agriculture Department of the Taiwan provincial Government, will replace Yu Yu-hsien as chairman of the Council of Agriculture (COA). Yu resigned earlier this month for health reasons.

Sun's vacancy will be filled by Chiu Mao-ying, currently COA vice chairman.

Chang, a native of Taiwan, graduated from National Cheng Kung University and has a master's degree in urban planning from University of Pennsylvania [words indistinct] he had been vice interior minister before assuming his current post.

Sun, 55, a native of Taiwan, is a graduate of National Taiwan University. He has a doctoral degree in agronomy from Purdue University. He has been deputy director of the Asian Vegetable Research Center and a commissioner of the Taiwan Provincial Council.

Chiu, 56, has a doctoral degree in agroecology from Germany's Goettingen University. He has been a professor and a section chief with the Ministry of Finance.

Economic Growth To Top Industrializing Nations

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[Text] Taipei, Nov. 18 (CNA)—The Republic of China [ROC] is expected to take the lead among the four newly industrializing economies (NIES) in terms of economic performance in 1993, the Council for Economic Planning and Development (CEPD) forecast Tuesday.

CEPD said that the recovering world economy and the six-year national plan are expected to give the nation

additional momentum, enabling it to achieve the goal of seven percent economic growth against a 3.5 percent inflation rate next year.

According to the forecast of many authoritative world economic organizations, the world economy is expected to grow three percent next year compared to one percent this year.

As for other NIES, South Korea's 1993 economic growth is projected at between six and seven percent as a result

of its policy to stabilize consumer prices. Meanwhile, its inflation rate is expected to be at between five and seven percent.

Hong Kong's economy forecast to grow six percent compared to this year's five percent, with the same inflation rate of 9.5 percent.

Singapore, which has the lowest inflation of 3 percent among the NIES this year, is expected to chalk up an economic growth of 5.8 percent.

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